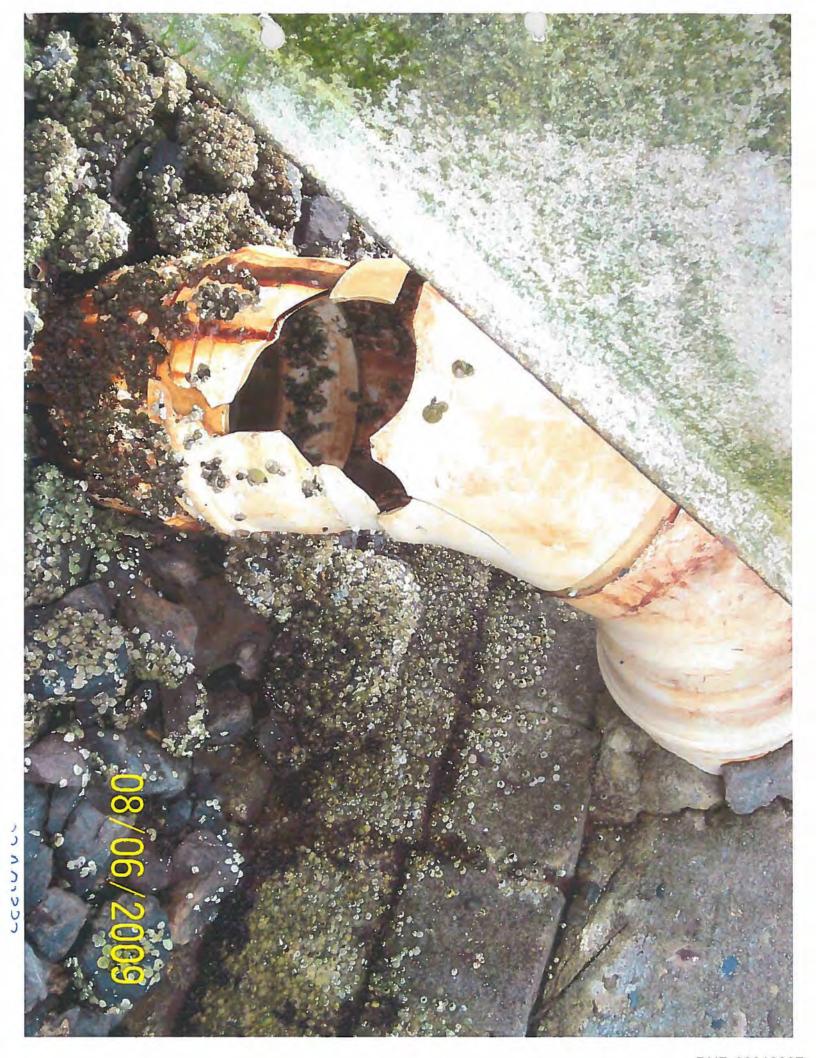
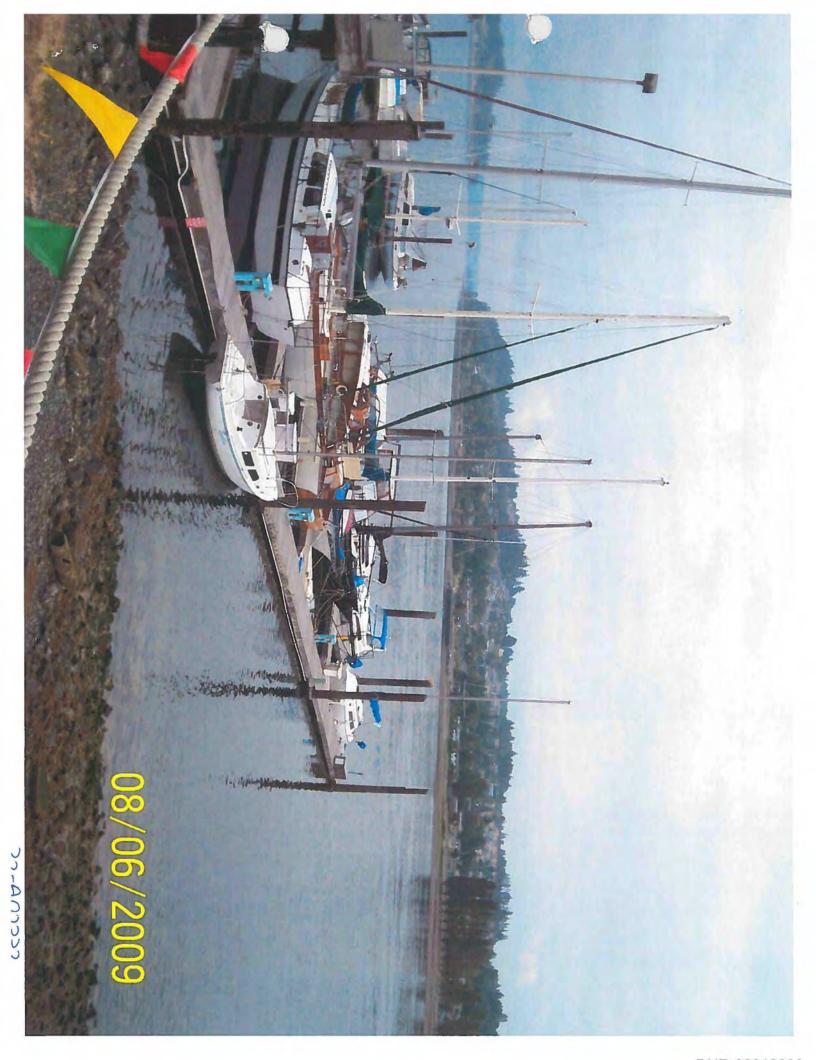
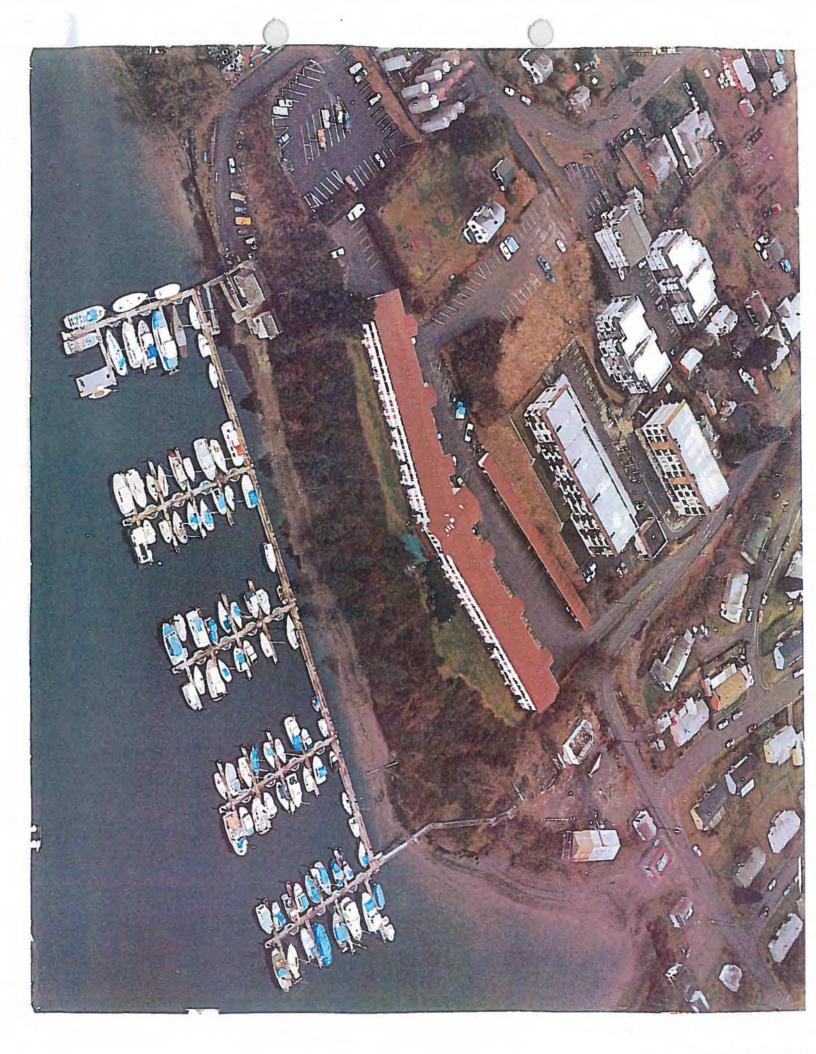


Application and Lease No: 22-002332 Region: SOUTH PUGET To lease HARBOR AREA Lands in KITSAP County Applicant: PORT WASHINGTON MARINA CONDOMINIUM ASSOCIATION Date Filed: April 5, 1993 DESCRIPTION EXPISTING MARINA Section 11, Township 24 N, Range 1 E, W.M. Lessee, Name and Address: PORT WASHINGTON MARINA CONDOMINIUM ASSOCIATION 510 RAINIER AVENUE SOUTH SEATTLE, WASHINGTON 98144 **ENCUMBRANCES** PLATE NO. X-TF18-018 Note 3 Lease (to expire 7-31-2023) noted 8-10-93 Jim J. Reassignment noted on plate 1-23-2004 EN APPLICATION Reg. T.B. INSTRUMENT WHITE COVER SHEET PHOTOS







# DIAMOND, VICKIE (DNR)

From: DIAMOND, VICKIE (DNR) on behalf of DNR RE AQ Nature RQST

Sent: Tuesday, October 09, 2012 2:04 PM

To: CASE, FLOELLA (DNR)
Subject: RE: 22-A02332 Seven Js

Hello,

This invoice has been reversed. Let me know if you need anything else.

Thank you 3

Vickie R. Diamond Washington State Department of Natural Resources

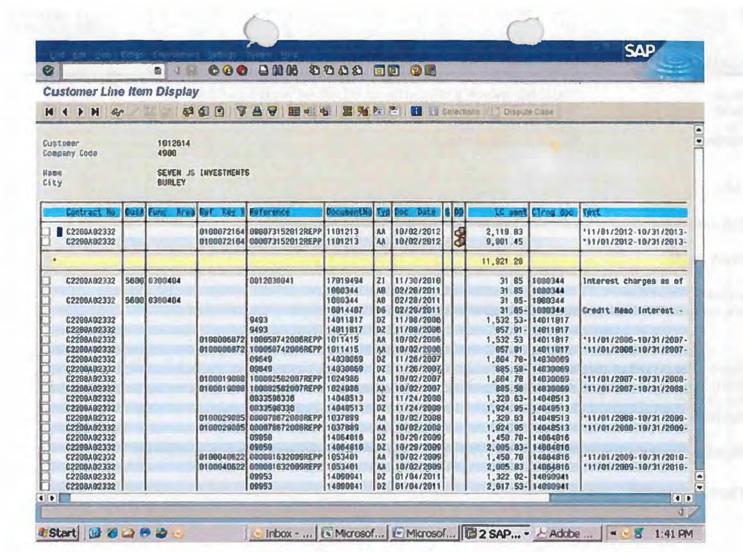
From: CASE, FLOELLA (DNR)

Sent: Tuesday, October 09, 2012 1:43 PM

To: DNR RE AQ Nature RQST Subject: 22-A02332 Seven Js

Please reverse invoice no. 0100072164. Tenant wants quarterly payments.

Thank you, Flo



# DIAMOND, VICKIE (DNR)



From:

JOHNSON, TERRI (DNR)

Sent:

Thursday, October 28, 2010 2:43 PM

To:

DIAMOND, VICKIE (DNR)

Cc:

BROWN, MARCI (DNR); SHAWVER, MARY ANN (DNR)

Subject:

RE: Frontier Bank

## Hi Vickie,

Because these are just security provider BP's you don't have to do that much with them because they are not RE Asset BP's. That would be a different story. Just end the relationship on the security provider for Frontier Bank and add a new security provider for Union Bank. You could also attach the PDF of the letter to the contracts and make a note in the memo field that Frontier Bank is no longer in business in that name but was taken over by Union Bank. Mary Ann may also want to do this to her contracts providing she keeps track still of security providers.

# Tevri Johnson Asset & Property Management Division 360-902-1626

From: DIAMOND, VICKIE (DNR)

Sent: Thursday, October 28, 2010 2:20 PM

To: JOHNSON, TERRI (DNR)
Cc: BROWN, MARCI (DNR)
Subject: Frontier Bank

## Hello Terri,

Earlier this week I received the attached, forwarded to me by Finance from Union Bank. Basically it states that due to the intervention of the FDIC, Frontier Bank is now Union Bank. It sounds like a take-over vs. a simple name change so how should this be handled in the NaturE system? I've identified the following Frontier Bank Business Partners as well as the associated RE and SDEP contracts attached to these Business Partners:

Business Partner	<u>Associated Contracts</u>
1000109	C2200A02332
1000691	C7000010647
1001226	C7000012176
1001274	C7000011217, C7000012135
1001377	C7000012006
1002604	C2000A12565, C2200002401
1003262	C7000011848
1004075	- C2800A12620
1048143	C7000011217
1048473	C7000011848
1050297	C7000012006
1052221	C2000A12133, 10000000368, 10000001271
1053017	C7000010647, 10000000387

Thank you,

Vickie R. Diamond

# BERUBE, DONNA (DNR)

From:

SCHMIDT, LINDIE (DNR)

Sent:

Thursday, August 06, 2009 5:40 PM

To:

BERUBE, DONNA (DNR)

Subject:

Seven J's Investments (dba Port Washington Marina) - lease 22A02332

Attachments:

Picture 330.jpg; Picture 331.jpg

Memo to File: 22-A02332

Dated: 8-6-2009

Site Address: 1805 Thompson Drive - Bremerton - WA 98337

Stopped in at Seven J's Investments, dba Port Washington Marina, today while inspecting the Sesko tanks for Terry Pruit (ATG). I spoke with Stephanie Stanberry (Harbormaster - 360-479-3037). They have hired a diver in the last two weeks and are adjusting the floatation on their floats. The pump out float (photo attached) has already been adjusted so that it does not list as it did during the previous inspection.

Also noted during the visit, the City of Bremerton maintains a stormwater pipe on the property under the staircase to the beach. The outfall is in poor condition and has obvious defects. (photo attached). Stephanie indicated that during major rain events there can be oil sheens from the stormwater pipe.

A complete Leasehold Inspection will occur at a later date.

Lindie Schmidt

Shoreline District; Aquatic Region 950 Farman Ave North Enumclaw WA 98022

cell 206-949-1740 fax 360-825-1672



#### MEMORANDUM

June 18, 2009

To: Shannon Soto

Aquatic Land Manager South Puget Sound Region

From: Steve Ivey, PLS, Aquatic Land Surveyor

Land Survey Unit, Engineering Division,

Phone 360-902-1379

Re: Review of Record of Survey for DNR Application no. 22-A02392 for Olympia Yacht Club located in Thurston County, WA

The Olympia Yacht Club has submitted a preliminary Record of Survey prepared by Skilling Connolly for review. This review is for that survey with the date of 5/29/2009 in the Surveyor's Certificate signature within the title block.

The survey discloses on sheet 3 of 3, 3 sites where existing concrete floats extend outside of the harbor area. Please determine if these improvements will be removed and notify the land surveyor so that the preliminary survey can be amended to show the current improvements subject to this lease.

The preliminary record of survey requires the following edits:

- 1. On all 3 sheets, please amend the Olympia Yacht Club lease no. to 22-A02392.
- 2. On sheet 1 of 3, the area at the end of each parcel description does not match the data shown for the parcels on sheet 2. For Parcel A, the area is reported as 0.72 acres, but the data on sheet 2 would result in a calculated area of 0.71 acres and for Parcel C the area is reported as 10.00 acres, but the data on sheet 2 would result in a calculated area of 9.92 acres. Please provide current descriptions and areas based upon the most current survey of the lease parcel.
- On sheet 2 of 3, for the PSE easement with application 51-074996, please change the line type for the lease area and specific that this lease area overlaps with the Olympia Yacht Club lease parcel.
- 4. On sheet 2 of 3, there are several notes about Parcel B, which is used for the boardwalk and is part of lease 22-02392, but the note reference to the City of Olympia is confusing because the actual DNR lease is with the Olympia Yacht Club. Please modify the existing notes by following the text "City of Olympia" with "sublease agreement to" and continue with "DNR lease 22-A02392", Parcel B.
- 5. On sheet 2 of 3, the survey indicates the boundary with the City of Olympia lease 22-A02391" has multiple angle points represented by L1, L2, and L3. The purpose behind having a new survey provided by the Yacht Club is to clear up many of these problems, so please amend the survey to have a common boundary with the City of Olympia lease to avoid gaps, especially where there are improvements within the gap.



- 6. On sheet 3 of 3, please provide an area for each building footprint shown by the survey and a label to identify the use of each building. These areas are necessary for the calculation of rents based upon water dependant vs. non-water dependant uses.
- 7. On sheet 3 of 3, along the left side of the sheet and, lying below the label for Simmons Street, is a text label for "Olympia Yacht Club, Parcel A". Please provide a text leader from the text to the portion of the drawing where the label is applicable for Parcel A.

400 P

# AQUATIC RESOURCES DIVISION INTERNAL ROUTING SLIP

	This iten		PRIATE BOX, INITIAL	LAND DATE ON I	LINE		
	00000	New Application Assignment Exhibit / Survey Work Request Other			Amend Permit Letter Docum	al Application Packet ment ent for Signature Document	
	Please ro					Hold Over Letter Assignment Lease Easement	
		Original File Jack Don Olmsted Vickie Diamond Sara Murphy Robin Hammill Other	este can	hod.			
		Erik Nedergard (f Erik Nedergard (f	EKETS will go from the for ownership determination number and file jacket	tion)	or to:	Please Lamenta A" num	for an
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	SIGNED	DOCUMENTS Sara Murphy (File	c) ntry on plates)				
			program coordinator to y (for review, approval, 1 (11x17) copy 2 (11x17) copie	scan and reductions	and Records and		
		ENTS FOR SIGNA coordinator to:	ATURE (LEASES, R/W	, AMENDMENTS	, ASSIGNMEN'	TS, ETC) will go from the	
	Cross off	if not appropriate:	Loren Stern	(Division M	Division Manag anager) or)	ger)	
		Ō	Fran McNair Doug Sutherland	(Commis	sioner)		

H:VDIA490\routeslip

#### MEMORANDUM

TO: Ginger Jepson SPS Region

RE: Aquatic Lease Application, Exhibit Review for Seven J's Investment (Port Washington Marina), Application No. 22-A02332, surveyed by Mathew Maclearnsberry, PLS of Maclearnsberry, Inc. (1993 survey "Exhibit A")

11

The preliminary Plat has been reviewed for compliance with DNR specifications, and the following changes, and/or corrections must be made.

- The survey must be related by meridian and coordinates to the Washington Coordinate System NAD 83 (1991);
- Show the line of mean high tide (MHT), the tidal bench mark used in determining the MHT or the alternate method used;
- 3) Tie's to at least 2 upland monuments along with descriptions and date last visited;
- 4) Add a narrative description of the lease parcel to the drawing including the area;
- 5) Add an Auditor's and Surveyor's certificate;
- 6) Method of survey note;
- 7) The survey submitted for review is dated 1993, it will be necessary to verify the location and type of improvements;
- 8) Add application number to drawing, "22-002332";
- 9) Add section, township, range and county.

When the above changes have been made, please have the surveyor resubmit the preliminary Plat to this office for further review. Upon approval, the Final Plat may be recorded, and a copy including the auditor's recording information submitted to the DNR Land Manager.

Sincerely,

Greg Boeh, PLS

Aquatic Land Surveyor

Treg Boel

Land Survey Unit

Engineering Division

PO Box 47060

Olympia, WA 98504-7060

YMPIA COP

RECEIVED
FEB 1 9 2004
TOWNER SIPE

22-002332 (673)

## STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCE

MEMORANDUM

TO

John DeMeyer

FROM

**SUBJECT** 

Bob Hoyser.....

(Location) HA leases 2332, 2396, 2399, 2523 City of Bremerton vs.DATE Port Washington Property, Inc., Kitsap Co. No. 86-2-00901-1.

9/29/96

(Location)

The city's sewer mainline is being impacted (it claims in the

1 believe we should request that the Engineering Division inspect the area to determine possible impacts to the marine environment and the state-owned harbor area which lies at the foot of the bluff (see attached photo). Anne Essko concurs with a laked with the Concurs with the

(478-5243) and they have been monitoring the hillside, etc. for approximately one year for slippage. Ken assures me their concern is documented. Also, they had a consultant (CH2MHill) prepare a report on the situation. Their data is available to us and when our people inspect they should stop at the City Wastewater Department and get copies of what they need from either Ken MacKenzie or Carrie Dowbkowski the Office Manager. Address is 1548 Warren Ave., Bremerton (pink building at the south end of the Warren Avenue Bridge).

Bab- work with If at all possible, we should know what we have from an engineer's perspective within 2-3 weeks.

File #2332, 2396, 2399, 2523 Terry Roswall Anne Essko

HA 2332 Page memo meyer From: Bob Houser 9-29-96 (80)

RE-LEASE  AMENDMENT  WP Support Staff LM Land Manger SM WP  LM SM ADM DM (if needed) WP
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# CHECK LIST

- Application APS.ltr Initial APS entry
- 2. US Army Corps Permit
  EMA Permits
  Doc. prep/user sheet
  Environmental review
  Rentals, IBs, CMs?
  SEPA compliance
  Transmittal letter
  Goldenrod
  NRMS entry
- 3. Review
- 4. Tyne proofread
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Initiates action

Types rejection letter etc., tabs

Approval

Approval

Signature

Hold one month

Mail

Archive when "\$0" balance

Final APS

Final checklist for archives

Jim Thomas

Reviews/cleans up file

jj1/Laroute.slp Revised 4/28/95 New Lease Re-Lease

DEPARTMENT OF NATURAL RESOURCES EXECUTIVE MANAGEMENT ROUTING SLIP

Assignment

Amendment

Other

Document No. 22-002332

ROUTE TO:

Kaleen Cottingham

DATE: July 24, 1995

No v. 27

THROUGH:

Stan Biles (58

Craig E. Partridge

Joel Greene Dan Barth

REQUESTED BY: Neal Cox Neal

ACTION REQUESTED: Approval: X Signature X

DATE NEEDED: July 15, 1995

December 27 Jan 8, 1996

**COMMENTS**: This is a simple assignment. The lease was renewed in 1993, so the language is up-to-date. This lease is in good standing with a term of thirty (30) years. It has an annual rent in the amount of \$1,390.69. This lease is located in Puget Sound near Bremerton in the Port Washington Narrow in Kitsap County.

RETURN TO: Aquatic Resources Receptionist, 2-1100

SUMMARY AND BACKGROUND INFORMATION: The lease was renewed by Port Washington Condominium Owner's Association, Inc., Micheal Mastro, President. At the time of renewal, Port Washington Condominium Owner's Association, Inc., Micheal Mastro, President, sold the property to (b) (6) According to Paragraph 7.2 Corporations, General Partnerships, Limited Partnerships, states: "a) Corporations. If Lessee is a corporation, any merger, consolidation, liquidation, or any change in ownership of, or the power to vote the majority of its outstanding voting stock, shall constitute an assignment of this Lease." Therefore, it is necessary to assign this lease to the new owners effective August 1, 1993.

ISSUES: It is not listed in the Department of Ecology, Toxic Cleanup program site information report.

CONTROVERSY: None.

PRECEDENTS: None.

ANYTHING ELSE: No.

Reference Code: 22-002332 mm/ww17/cox/22002332.grd RAINIER FORECLOSURE SERVICES, INC. c/o Schweet Rieke & Linde, PLLC 575 S. Michigan Street Seattle, WA 98108 (206) 275-1010 22-902332

#### NOTICE OF DEFAULT

# PURSUANT TO THE REVISED CODE OF WASHINGTON CHAPTER 61.24, ET.SEQ.

TO: Seven JS Investments Limited Partnership Estate of Mildred G. Johnson

# 1. DEFAULT:

You are hereby notified that the beneficiary has declared default on the obligation secured by a Deed of Trust, dated December 11, 2003, recorded on December 12, 2003, under Kitsap County Auditor's No. 200312120332 from Seven JS Investments Limited Partnership, as Grantor, to Pacific NW Title, as original Trustee, to secure an obligation in favor of Frontier Bank, as beneficiary. Union Bank, N.A., as successor in interest to the Federal Deposit Insurance Corporation, as Receiver for Frontier Bank successor in interest to Frontier Bank, is the current holder of the obligation and beneficiary of the deed of trust which was assigned to Union Bank, N.A. The description of the real property which said deed of trust affects and to which this Notice pertains, is as follows:

#### Exhibit A attached hereto

Abbreviated Legal Description: All of Port Washington Condominium and Portion Lot 10 and all of Lot 11, Supplemental Plat of Bay View Garden Tracts.

Tax Parcel Nos: 8054-000-000-0206; 8054-000-001-0007; 8054-000-002-0006; 8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002; 8054-000-007-0001; 8054-000-008-0000; 8054-000-009-0009; 8054-000-010-0006; 8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002; 8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008; 8054-000-019-0007; 8054-000-020-2004; 8054-000-021-0003; 8054-000-022-0002; 8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-026-0008; 8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002; 8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008; 8054-000-035-0007; 8054-000-036-0006; 8054-000-037-0005; 8054-000-038-0004; 8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008; 8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-046-0004; 8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007; 8054-000-051-0006; 8054-000-052-0005; 8054-000-053-0004; 8054-000-054-0003; 8054-000-055-0002; 8054-000-056-0001; 8054-000-057-0000; 8054-000-058-0009; 8054-000-059-0008; 8054-000-060-0005; 8054-000-061-0004; 8054-000-062-0003; 8054-000-063-0002; 8054-000-064-0001; 8054-000-065-0000; 8054-000-066-0009; 8054-000-067-0008; 9054-000-068-0007; 8054-000-069-0006; 8054-000-070-0003; 8054-000-071-0002; 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009; 8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0006; 8054-000-078-0005; 8054-000-079-0004; 8054-000-080-0001; 8054-000-000-0107; 8054-000-000-0008 and 3711-000-010-0002

OLYIVIT WA CUTY

the postal address of which is more commonly known as:

1805 Thompson Drive, Bremerton, WA 98337.

# 2. STATEMENT OF DEFAULT AND ITEMIZED ACCOUNT OF AMOUNTS IN ARREARS:

The beneficiary alleges that you are in default for the following reasons:

a. Failure to pay the following past due amounts, which are in arrears:

Monthly payments:		
3 Delinquent payments at \$10,315.00 each		
(6/15/2012-8/15/2012)	\$30,9	45.00
Accrued Late Fees:		47.25
Additional Default Interest from:	S	.00
TOTAL MONTHLY PAYMENTS AND LATE CHARGES:	\$32,4	92.25

b. Default other than failure to pay to Promissory Note:

NONE

## 3. OTHER CHARGES, COSTS AND FEES:

In addition to the amounts due as specified above, you are obliged to pay the following charges, costs and fees to cure the default under the deed of trust if cure is made before recording of the Notice of Trustee's Sale.

a. Title Report	\$2,500.00
b. Recording fees	\$16.00
c. Posting of Notices (Estimated)	\$100.00
d. Photocopying Expenses -Notice of Default (Estimated)	\$45.00
e. Postage Expenses - Notice of Default (Estimated)	\$85.00
f. Trustee's and Attorney's Fees	\$1,250.00
g. Appraisal	\$8,400.00
TOTAL CHARGES, COSTS AND FEES:	\$12,396.00

#### 4. CURE:

A. UNTIL SUCH TIME AS A NOTICE OF TRUSTEE'S SALE IS RECORDED, THE TOTAL AMOUNT NECESSARY TO CURE THE DEFAULTS UNDER YOUR NOTE AND DEED OF TRUST IS THE SUM OF PARAGRAPHS 2a AND 3 IN THE AMOUNT OF \$44,888.25 PLUS ANY INTEREST WHICH HAS BECOME DUE SINCE THE DATE OF THIS NOTICE OF DEFAULT.

IN ADDITION, BECAUSE SOME OF THE CHARGES CAN ONLY BE ESTIMATED AT THIS TIME, AND BECAUSE THE AMOUNT NECESSARY TO CURE MAY INCLUDE PRESENTLY UNKNOWN EXPENDITURES REQUIRED TO PRESERVE THE PROPERTY OR TO COMPLY WITH STATE OR LOCAL LAW, IT WILL BE NECESSARY FOR YOU TO CONTACT THE TRUSTEE BEFORE THE TIME YOU TENDER CURE SO THAT YOU MAY BE ADVISED OF THE EXACT AMOUNT YOU WILL BE REQUIRED TO PAY.

Cure monies should be tendered to the undersigned Trustee in cash, certified check or money order.

b. If your default includes a default other than failure to pay payments when due, then in order to cure the defaults under the Note and Deed of Trust before the Notice of Trustee's Sale is recorded, you must cure such other default(s).

## 5. CONSEQUENCES OF DEFAULT:

- a. Failure to cure said alleged default by paying the amounts in default within thirty (30) days of:
  - 1) posting of this notice on the property; or
  - 2) mailing of the notice,

whichever occurs latest, may result in the recordation, transmittal and publication of a Notice of Trustee's Sale, and sale of the property at public auction not less than 120 days from the date this notice was mailed or posted.

- b. The effect of the recordation, transmittal and publication of a Notice of Trustee's Sale will be to:
  - increase the costs and fees of foreclosure, which will have to be paid upon cure; and
  - publicize the default and advertise the property described herein for sale.
- c. Notwithstanding a future recordation of a Notice of Trustee's Sale, you may reinstate the deed of trust, and cure the defaults described above on or before the eleventh (11) day before the Trustee's Sale of the property at public auction.
- d. The effect of a Trustee's Sale of the above-described property by the Trustee will be to deprive you, or your successor in interest, and all of those who hold by, through or under you, of all interest in the above-described property and satisfy the obligation secured by the above deed of trust.

### 6. RECOURSE TO COURTS:

You or your successor(s) in interest have recourse to the courts to contest the alleged default on any proper ground.

### 7. NOTICE TO GUARANTORS:

Any guarantor of the obligation secured by the deed of trust may be liable for a deficiency judgment to the extent the sale price obtained at the trustee's sale is less than the debt secured by the deed of trust. All guarantors have the same rights to reinstate the debt, cure the default or repay the debt as is given to the Grantor and Borrower in order to avoid the trustee's sale. Any guarantor will have no right to redeem the property after the trustee's sale. Subject to such longer periods as are provided in the Washington deed of trust act, Chapter 61.24 RCW, any action brought to enforce a guaranty must be commenced within one year after the trustee's sale, or the

last trustee's sale under any deed of trust granted to secure the same debt. In any action for a deficiency, a guarantor will have the right to establish the fair value of the property as of the date of the trustee's sale, less prior liens and encumbrances, and to limit the guarantor's liability for a deficiency to the difference between the debt and the greater of such fair value or the sale price paid at the trustee's sale, plus interests and costs.

DATED: September 4, 2012.

Rainier Foreclosure Services, Inc., Successor Trustee

Laurin S. Schweet, President

RAINIER FORECLOSURE SERVICES, INC.

c/o Schweet Rieke & Linde, PLLC

575 S. Michigan Street

Seattle, WA 98108

(206) 275-1010

22-A 02332

## NOTICE OF FORECLOSURE

# PURSUANT TO THE REVISED CODE OF WASHINGTON CHAPTER 61.24 RCW

TO: Seven JS Investments Limited Partnership Estate of Mildred G. Johnson

The attached Notice of Trustee's Sale is a consequence of defaults in the obligation to Union Bank, N.A., successor in interest to the Federal Deposit Insurance Corporation, as Receiver of Frontier Bank, the Beneficiary of your Deed of Trust and owner of the obligation secured thereby. Unless the default(s) is/are cured, your property will be sold at auction on MARCH 29, 2013.

To cure the default(s), you must bring the payments current, cure any other defaults, and pay accrued late charges and other costs, advances and attorneys fees as set forth below before the auction on MARCH 29, 2013. To date, these defaults are as follows:

	Currently due to reinstate On December 19, 2012	Estimated amount due to reinstate on March 18, 2013 (11 days before the sale date)
Monthly payments:		
Delinquent payments from 06/15/12		
in the amount of \$10,315.00	\$72,205.00	\$103,150.00
Late Charges	\$3,610.25	\$ 5,157.50
Advances for Taxes ()	\$ .00	\$ .00
Trust Accounting Foreclosure Fee	\$ .00	\$ .00
Insurance:	\$ .00	\$ .00
Expenses:		
Fees:		
Trustee's fees (estimated):	\$3,000.00	\$3,500.00
Trustee's Expenses (itemized):		
a. Title Report	\$3,350.00	\$3,350.00
b. Recording fees	\$150.00	\$150.00
c. Posting of Notices (estimate)	\$270.00	\$270.00
d. Photocopying Expenses	\$100.00	\$100.00
e. Postage Expenses (estimate)	\$125.00	\$125.00
f. Publication (estimate)	\$0.00	\$1,000.00
g. Telephone Charges	\$0.00	\$0.00
TOTAL	\$82,810.25	\$116,802.50

To pay off the entire obligation secured by your Deed of Trust as of the 19th day of December, 2012 you must pay a total of \$1,267,384.17 in principal, \$49,292.33 in interest, \$3,610.25 in late charges, plus other costs and advances estimated to date in the amount of \$6,995.00. From and after the date of this notice

OLYWIPIA COPY

you must submit a written request to the Trustee to obtain the total amount to payoff the entire obligation secured by your Deed of Trust as of the payoff date.

As to the defaults which do not involve payment of money to the Beneficiary of your Deed of Trust, you must cure each such default. Listed below are the defaults which do not involve payment of money to the Beneficiary of your Deed of Trust. Opposite each such listed default is a brief description of the action necessary to cure the default and a description of the documentation necessary to show that the default has been cured.

#### **DEFAULT**

# DESCRIPTION OF ACTION REQUIRED TO CURE AND DOCUMENTATION NECESSARY TO SHOW CURE

Delinquent General Taxes for 2012 for Tax Parcel No. 8054-000-000-0206 in the amount of \$1,110.95 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel No. 3711-000-010-0002 in the amount of \$1,323.54 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-001-0007; 8054-000-002-0006 in the amount of \$184.32 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-003-0005; 8054-000-004-0004 in the amount of \$156.98 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-005-0003; 8054-000-006-0002 in the amount of \$132.38 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-007-0001; 8054-000-008-0000 in the amount of \$105.08 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-009-0009; 8054-000-010-0006; 8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002; 8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008; 8054-000-019-0007; 8054-000-020-0004; 8054-000-021-0003; 8054-000-022-0002; 8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-026-0008; 8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002; 8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008; 8054-000-035-0007; 8054-000-036-0006; 8054-000-037-0005; 8054-000-038-0004; 8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008; 8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007; 8054-000-051-0006; 8054-000-052-0005; 8054-000-053-0004; 8054-000-054-0003; 8054-000-056-0001; 8054-000-057-0000; 8054-000-058-0009; 8054-000-059-0008; 8054-000-060-0005; 8054-000-060-0005; 8054-000-061-0004; 8054-000-062-0003; 8054-000-063-0002; 8054-000-069-0008; 8054-000-065-0000; 8054-000-067-0003; 8054-000-067-0003; 8054-000-068-0007; 8054-000-068-0007; 8054-000-068-0007; 8054-000-069-0006; 8054-000-070-0003; 8054-000-067-0000; 8054-000-069-0006; 8054-000-070-0003; 8054-000-067-0000; 8054-000-069-0006; 8054-000-070-0003; 8054-000-071-0002 in the amount of \$94.06 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009; 8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0006 in the amount of \$121.49 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-078-0005; 8054-000-079-0004; 8054-000-080-0001; 8054-000-078-0005 in the amount of \$69.54 plus interest and penalties.

You may reinstate your Deed of Trust and the obligation secured thereby at any time up to and including the 18th day of March, 2013 (11 days before the sale date) by paying the amount set forth or estimated above and by curing any other defaults described above. Of course, as time passes other payments become due, and any further payments coming due and any additional late charges must be added to your cure payment. Any new defaults not involving payment of money that occur after the date of this notice must also be cured in order to effect cure. In addition, because some of the charges can only be estimated at this time, and because the amount necessary to reinstate or to pay off the entire indebtedness may include presently unknown expenditures required to preserve the property or to comply with state or local law, it will be necessary for you to contact the Trustee before the time you tender reinstatement or the payoff amount so that you may be advised of the exact amount you will be required to pay. Tender of payment or performance must be made to:

SCHWEET RIEKE & LINDE, PLLC 575 South Michigan Street Seattle, WA 98108 (206) 275-1010

AFTER THE 18<sup>TH</sup> DAY OF MARCH, 2013, YOU MAY NOT REINSTATE YOUR DEED OF TRUST BY PAYING THE BACK PAYMENTS AND COSTS AND FEES AND CURING THE OTHER DEFAULTS AS OUTLINED ABOVE. The Trustee will respond to any written request for current payoff or reinstatement amounts within ten days of receipt of your written request. In such a case, you will only be able to stop the sale by paying, before the sale, the total principal balance (\$1,267,384.17) plus accrued interest, costs and advances, if any, made pursuant to the terms of the documents and by curing the other defaults as outlined above.

You may contest this default or foreclosure by initiating court action in the Superior Court of the County in which the sale is to be held. In such action, you may raise any legitimate defenses you have to this default or foreclosure. A copy of your Deed of Trust and documents evidencing the obligation secured thereby are enclosed. You may wish to consult a lawyer. Legal action on your part may prevent or restrain the sale, but only if you persuade the court of the merits of your defense. You may contact the Department of Financial Institutions or the statewide civil legal aid hotline for possible assistance or referrals.

The court may grant a restraining order or injunction to restrain a trustee's sale pursuant to RCW 61.24.130 upon five days notice to the trustee of the time when, place where, and the judge before whom the application for the restraining order or injunction is to be made. This notice shall include copies of all pleadings and related documents to be given to the judge. Notice and other process may be served on the trustee at:

Rainier Foreclosure Services, Inc. c/o Schweet Rieke & Linde, PLLC 575 South Michigan Street Seattle, WA 98108 Telephone: (206) 275-1010

If you do not reinstate the secured obligation and your Deed of Trust in the manner set forth above, or if you do not succeed in restraining the sale by court action, your property will be sold. The effect of such sale will be to deprive you and all those who hold by, through or under you of all interest in the property.

In addition, the trustee shall cause a copy of the notice of sale described in RCW 61.24.040 (1)(f) to be published in a legal newspaper in each county in which the property or any part thereof is situated, once

between the thirty-second and twenty-eighth day before the date of the sale, and once between the eleventh and seventh day before the date of the sale.

On the date and at the time designated in the notice of sale, the trustee or its authorized agent shall sell the property at public auction to the highest bidder. The trustee may sell the property in gross or in parcels as the trustee shall deem most advantageous.

The place of sale shall be at any designated public place within the county where the property is located and if the property is in more than one county, the sale may be in any of the counties where the property is located. The sale shall be on Friday, or if Friday is a legal holiday, on the following Monday, and during the hours set by statute for the conduct of sales of real estate at execution.

The trustee has no obligation to, but may, for any cause the trustee deems advantageous, continue the sale for a period or periods not exceeding a total of one hundred twenty days by (a) a public proclamation at the time and place fixed for sale in the notice of sale and if the continuance is beyond the date of sale, by giving notice of the new time and place of sale by both first class and either certified or registered mail, return receipt requested, to the persons specified in RCW 61.24.040(1)(b)(i) and (ii) to be deposited in the mail (i) not less than four days before the new date fixed for the sale if the sale is continued for up to seven days; or (ii) not more than three days after the date of the continuance by oral proclamation if the sale is continued for more than seven days, or, alternatively, (b) by giving notice of the time and place of the postponed sale in the manner and to the persons specified in RCW 61.24.040(1)(b), (c), (d), and RCW 61.24.040 (3), more than seven days before the date fixed for sale in the notice of sale. No other notice of the postponed sale need be given.

The purchaser shall forthwith pay the price bid and on payment the trustee shall execute to the purchaser its deed; the deed shall recite the facts showing that the sale was conducted in compliance with all of the requirements of this chapter and of the deed of trust, which recital shall be prima facie evidence of such compliance and conclusive evidence thereof in favor of bona fide purchasers and encumbrances for value.

The sale as authorized under this chapter shall not take place less than one hundred ninety days from the date of default in any of the obligations secured.

# **NOTICE TO GUARANTORS:**

Any guarantor of the obligation secured by the deed of trust may be liable for a deficiency judgment to the extent the sale price obtained at the trustee's sale is less than the debt secured by the deed of trust. All guarantors have the same rights to reinstate the debt, cure the default or repay the debt as is given to the Grantor and Borrower in order to avoid the trustee's sale. Any guarantor will have no right to redeem the property after the trustee's sale. Subject to such longer periods as are provided in the Washington deed of trust act, Chapter 61.24 RCW, any action brought to enforce a guaranty must be commenced within one year after the trustee's sale, or the last trustee's sale under any deed of trust granted to secure the same debt. In any action for a deficiency, a guarantor will have the right to establish the fair value of the property as of the date of the trustee's sale, less prior liens

and encumbrances, and to limit the guarantor's liability for a deficiency to the difference between the debt and the greater of such fair value or the sale price paid at the trustee's sale, plus interests and costs.

DATED: December 19, 2012.

RAINIER FORECLOSURE SERVICES, INC., Successor Trustee

LAURIN S. SCHWEET, President

Rainier Foreclosure Services, Inc.

575 S. Michigan Street

Seattle, WA 98108

(206) 275-1010





Any item above containing

# PROMISSORY NOTE



Officer | initials <del>agyot</del> References in the shaded area are for Lander's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing """" has been omitted due to text length limitations.

Borrower:

Seven J's Investments Limited Partnership 3812 E McGilvra Street

Seattle, WA 98112

Lender:

Frontier Bank Silverdale 10705 Silverdale Way NW Silverdale, WA 98383

Principal Amount: \$1,540,000.00

Interest Rate: 6.500%

Date of Note: December 11, 2003

PROBES TO PAY. Seven J's investments Limited Partnership ("Borrower") promises to pay to Frontier Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Five Hundred Forty Thousand & 00/100 Dollars (\$1,540,000.00), together with interest at the rate of 6.500% per annum on the unpaid principal balance from December 11, 2003, until paid in full.

PAYMENT. Borrower will pay this loan in 59 regular payments of \$10,405.34 each and one irregular last payment estimated at \$1,406,067.00. Borrower's first payment is due January 15, 2004, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on December 15, 2008, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any account unpaid interest; then to principal; then to any unpaid collection costs; and then to any late charges. Interest on this Note is computed on a 385/355 simple interest basis; that is, by applying the ratio of the annual interest rate over the number of days in a year (386 during leap years), multiplied by the cutstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Sorrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

PREPAYMENT PENALTY; MINIMUM INTEREST CHARGE. Someway agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a minimum interest change of \$5.00. Upon prepayment of this Note, Lender is entitled to the following prepayment penalty: 2.5% of the principal balance in the first yeer; 2% of the principal in year 2; 1.5% of the principal balance in year 3; 1% of the principal in year 4; and .5% in the 5th through final yeer. The bank will agree to walve any prepayment change in the final 6 months of the loan. Borrower my prepay up to 10% of the principal over and above the scheduled principal reduction per year. A "year" shall mean each successive 12 months beginning with the first day of the calendar month after disbursement of the funds by the bank and counted on a consecutive calendar annual basis thereafter. To the extent permitted by law, any prepayment premium shall be payable regardless of whether the loan is prepayled voluntarily or involuntarily, including without limitation, any prepayment resulting from the exercise of the scoeleration clause. Other than Borrower's obligation to pay any minimum interest charge and prepayment penalty, Borrower may pay all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, release the part may require the extention force appropriate under the payments under the payments and any payments will reduce the orderly learner due and may require the well and the payments marked "naid in full". principal balance due and may result in Borrower's making fewer payments. Borrower agreed not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be malled or delivered to: Frontier Bank, Silverdale, 10705 Silverdale Way NW Silverdale, WA 98383.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$10.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, Lender, at its option, may, if permitted under applicable law, increase the interest rate on this Note 5.000 percentage points. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower falls to make any payment when due under this Note.

Other Defaults. Borrower falls to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Aender and Borrower.

- Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales ratifeement, or any other agreement, in favor of any other creditor or person that may materially effect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, convenant or condition contained in any environmental agreement executed in connection with any loan.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or insolvency. The dissolution or termination of Borrower's existence as a going business or the death of any partner, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the toan. This includes a gamishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lander written notice of the creditor or forfeiture proceeding and deposits with Lander monies or a surety bond for the creditor or forteliure proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Events Affecting General Partner of Borrower. Any of the preceding events occurs with respect to any general partner of Borrower or any general partner dies or becomes incompetent.

Change in Ownership. The resignation or expulsion of any general partner with an ownership interest of twenty-five percent (25%) or more in Borrower

Adverse Change. A material act performance of this Note is impaired. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding heave (12) morths, it may be owed (and no event of default will have occurred) if Borrower, after receiving written notice from Lender demanding ours of such default. (1) curs the default within ten (10) days; or (2) If the curs requires more than jen (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to curs the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount

ATTORNEYS' FEES; EXPENSES. Lander may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any first under applicable law, Lender's attorneys' less and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' less, expenses for bankruptoy proceedings (including efforts to modify or vacate any submatic stay or injunction), and appeals. If not prof-lotted by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

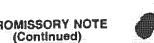
GOVERNING LAW. This Note will be governed by, construed and enforced in accordance with federal law and the laws of the State of Washington. This Note has been accepted by Lender in the State of Washington.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Kissap County, State of





#### PROMISSORY NOTE (Continued)



Washington.

DISHONORED ITEM FEE. Sorrower will pay a fee to Lender of \$20.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is taker dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lander reserves a right of setoff in all Borrower's accounts with Lander (whether checking, savings, or acres other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Ksogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security treatments listed herein, all the terms and conditions of which are hereby incorporated and made a pert of this Note:

- (A) a Deed of Thist dated December 11, 2003, to a trustee in favor of Lander on real property located in Kitsap County, State of Washington.
- (B) an Assignment of All Rents to Lender on real property located in Kitsap County, State of Washington.
- (C) fixtures described in a Commercial Security Agreement dated December 11, 2003.

LOAN CONDITIONS. BORROWER TO PROVIDE FRONTIER BANK WITH FULL TERM 30-YEAR AQUATIC LAND LEASE OF THE PORT WASHINGTON MARINA #22-002332 AND COMPLETE ASSIGNMENT OF SAID LEASE WITHIN 180-DAYS OF CLOSING. IN THE EVENT OF NON-COMPLIANCE WITH THIS CONDITION, FRONTIER BANK WILL NOT RE-NEGOTIATE THE TERMS OF THE NOTE AT THE 60-MONTH RATE ADJUSTMENT AND THE LOAN WILL BECOME DUE IN FULL AT THAT TIME.

BORROWER TO COMPLETE FLOATATION UPGRADE TO ALL FINGER PEERS WITHIN THE PORT WASHINGTON MARINA WITHIN 12-MONTHS OF CLOSING, IN THE EVENT OF NON-COMPLIANCE WITH THIS CONDITION, FRONTIER BANK WILL NOT RE-NEGOTIATE THE TERMS OF THE NOTE AT THE 80-MONTH RATE ADJUSTMENT AND THE LOAN WILL BECOME DUE IN FULL AT THAT TIME.

If the Borrower complies with the above conditions, Frontier Bank will then adjust the loan for an additional (5) years fixed based on Frontier Bank's Prime Rate at adjustment date plus 2.00%. The belance of note will be recast at the new rate over the remainder of the original term of the note. interest Floor, 5.50% and Calling: 18.00%.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and easigns, and shall have to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(les) should be sent to us at the following address: Frontier Bank 332 SW Everett Mail Way Everett, WA 96204

GENERAL PROVISIONS. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any GENERAL PROVISIONS. Lender may delay or longo enforcing any of its rights or remedies under this Note without losing tham. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from Bability. All such perfees agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party, partner, or guarantor or colleteral; or impair, fell to realize upon or perfect Lender's security interest in the colleteral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this lotter are label and several. this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. SORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

SEVEN I'S INVESTMENTS LIMITED PARTNERSHIP

fülldred G. Johnson, General Pa Investments Limited Partnership

References in the shaded area are for Lander's use only and do not limit the applicability of this document to any particular loan or item.

Any item above containing \*\*\*\* has been omitted due to text length limitations.

SANGER OF STREET

Borrower: Seven J'e Investments Limited Partnership

Smottle, WA 06112

Lander:

Frontier Benk Silverdale 19705 Silverdale Way NW PO Box 3075 Bilverdele, WA 98383

Guarantor: Mildred G. Johnson Resttle, WA 96112

AMOUNT OF GUARANTY. The amount of this Guaranty is Unlimited.

CONTINUING UNLIMITED GUARANTY. For good and valuable consideration, Mildred G. Johnson ("Guarantor") absolutely and unconditionally guarantees and promises to pay to Frontier Bank ("Lander") or its order, in legal tender of the United States of America, the indebtedness (as guarantees and promises to pay to Frontier Bank ("Lander") or its order, in legal tender on the tarms and conditions set forth in this tiarm is defined below) of Seven J's investments Limited Partnership ("Borrower") to Lander on the tarms and conditions set forth in this Quaranty. Under this Guaranty, the liability of Guarantor is unlimited and the obligations of Guarantor are continuing.

INDESTEDNESS GUARANTEED. The indebtsidness guaranteed by this Guaranty includes any and all of Bostower's indebtedness to Lerder and is used in the most comprehensive sense and means and includes any and all of Bostower's liabilities, obligations and debts to Lender, now existing or hereinalise incurred or created, including, without limitation, all leans, advances, interest, costs, debts, overdraft indebtsidness, credit card indebtedness, lesses obligations, other obligations, and liabilities of Bostower, or any of them, and any present or future judgments against Bostower, or any of them; and whether any such indebtedness is voluntarily or involuntarily incurred, due or not due, sheckule or contangent, liquidated or unfoldedted, determined or undetermined; whether Bostower may be liable individually or jointly with others, or primarily or secondarily, or as guaranter or surely; whether recovery on the Indebtedness may be or may become barred or unenforceable egainst Bostower for any reason whatsoever, and whether the Indebtedness arises from transactions which may be voltable on account of Infancy, insanily, uttra vires, or otherwise.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all indebtedness incurred or contracted before receipt by Lender of any notice to Guarantor or to Borrower, and will continue in full force until all indebtedness incurred or contracted before receipt by Lender of any notice to Guarantor or to Borrower, and will continue in full force until all indebtedness contracted before receipt by Lender of any notice of revocation shall have been performed in revocation shall have been performed in guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Written revocation of this Guarantor writing notice of revocation. For this purpose and without will apply only to advances or new Indebtedness called actual receipt by Lender of Guarantor's writing revocation. For this purpose and without will apply only to advances or new Indebtedness and elected actual receipt by Lender of Guarantor's writing revocation is contingent, unliquidated, limitation, the term "new Indebtedness does not include Indebtedness which at the time of notice of revocation is contingent, unliquidated, indebtedness for most due and which later becomes absolute, liquidated, determined or due. This Guaranty will continue to brind Guarantor for all indebtedness for the indebtedness agranted by Lender prior to receipt of Guarantor's evocation, including any extensions, extensions, substitutions; and modifications of the Indebtedness agranted after Guarantor's revocation, are contamplated under this Guaranty and, specifically will not be considered to be new indebtedness. This Guarantor indebtedness incurred by Borrower or committed by Lender prior to receipt of Guarantor's written notice of revocation, including any extensions, indebtedness incurred by Borrower or committed by Lender prior to receipt of Guarantor's revocation, are contempted under this Guaranty and, specifically will not be considered to be new indebtedness. This Guaranty after Guarantor's revocation, are contempted under this Guaranty and, specifically will not be considered to be new indebtedness. This Guaranty shall bind Guarantor's estate as to indebtedness created both before and after Guarantor's death or indepted; regardless of Lender's actual notice of shall bind Guarantor shall not after the indebtedness or state of any other guarantor or termination of any other same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guarantor which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guarantor shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more guarantor shall not affect the liability of any remaining Guarantor under the Guaranty. It is anticipated that fluctuations may occur in the Guarantor shall not affect the liability of any remaining Guarantor under the Guarantor appellically acknowledges and agrees that reductions in the aggregate amount of indebtedness even to zero dollars (\$0.00), prior to Guarantor's written revocation of this Guaranty shall not constitute a termination of this Guaranty. This Guaranty is binding upon Guarantor and Guarantor's heirs, successors and assigns so long as any of the guaranteed indebtedness remains unpaid and even though the Indebtedness guaranteed may from time to time be zero dollars (\$0.00).

OBLIGATIONS OF MARRIED PERSONS. Any married person who signs this Guaranty hereby expressly agrees that recourse under this Guaranty may be had against both his or her separate property and community property.

GUINNANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, without notice or GUINNANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation as set forth above, to make bemand and without lessening Guarantor's liability under this Guaranty, from time to time: (A) prior to revocation as set forth above, to make bemand and without lessening Guarantor's liability under this Guaranty, from time to goods to Borrower, or otherwise to extend additional secured or unsecured or unsecured loans to because equipment or other goods to Borrower, or otherwise to extend additional secured or after compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness; including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the indebtedness; and exchange, endors, endors, subordinate, fail or decide not to perfect, and release any such asounty, with or without the substitution of new collaterat. (D) accessing, endors, subordinate, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any memore Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the indebtedness; (F) to apply such security agreement or deed of trust, as Lender in its discretion may determine; (G) to sail, transfer, assign or grant participations in all or controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sail, transfer, assign or grant participations or acreaments.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or quality in any way the terms of this Guaranty; (B) this Guaranty is executed at Sorrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a distant under any agreement or other instrument binding upon Guarantor and do not result in a distant under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, courl decree or order applicable to Guarantor has not and will not, without the prior written consent of violation of any law, regulation, courl decree or order applicable to Guarantor has not and will be true and consent of the case and leaves and the sum of the consent of the case of the provided to Lender is and will be true and consent in itemselfs information which currently has been, and all stuture financial information which the binding true financial condition as of the dates the financial statements provided; (G) no material adverse change has recovered in Guarantor's financial condition; the mast recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (I) no titigation, claim, investigation, administrative proceeding or similar action regarding Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower; inancial condition. Guarantor has coursed by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except a GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lander that (A) no representations or agreements

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lander. (A) to continue lending money or to extend other credit to Borrower. (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or nonection on the part of Borrower, Lander, any surety, andorser, indebtedness or of any nonpayment related to any collateral, or notice of any action of new or additional loans or obligations; (C) to resort for or other guarantor in connection with the indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to pursue any other remedy within Lender's power; or (F) to commit any act or onlession of any kind, or at any time, with respect to any matter whatsoever.

In addition to the walvers set forth herein, if now or hereafter Borrower is or shall become insolverit and the indebtedness shall not at all times until paid In addition to the walvers set forth herein, if now or hereafter Borrower is or shall become insolvent and the indebtedness shall not at all times until paid be fully secured by collateral pledged by Borrower, Guarantor hereby forever walves and gives up in favor of Lender and Borrower, and Lender's and Borrower's respective successors, any claim or right to payment Guarantor may now have or hereafter have or acquire against Borrower, by subrogation or otherwise, so that at no time shall Guarantor be or become a "creditor" of Borrower within the insaning of 11 U.S.C. section 547(b), or any successor provision of the Federal bankruptcy laws.

Guarantor also walves any and all rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a ctaim for deficiency, against Guarantor, before or after Lender's commencement or completion of prevent Lender from bringing any action, including a ctaim for deficiency, against Guarantor, before or after Lender's commencement or completion of any location from the commencement or reinforcement. Including without limitation, any loss of affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reinforcement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the indebtedness; (C) any disability or other defense of Borrower, of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other has payment in full in legal tender, of the indebtedness; (D) any right to claim discharge of the indebtedness on the basis of unjustified impairment of any collateral for the indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is

# COMMERCIAL GUARANTY (Continued)

outstanding indebtedness of Borrower to Lender which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantora considering assessment or continued or better an extent of the indebtedness. If payment is made by Borrower, whether volutilatily or otherwise, at law or in equity other than actual payment and performance of the indebtedness. If payment is made by Borrower, whether volutilatily or otherwise, or by any third party, on the indebtedness and thereafter Lander is forced to remit the amount of that payment to Borrower's inustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further walves and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterdatin, counter demand, recouprisent or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's rull innowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to GUARANTUR'S UTUALISTATION WITH PROPERTY TO WAITENS. GUERAND WITH GUERANDES, THE WAITENS AND SUPPRESSION OF THE WAITENS AND CONTROL OF THE CONTROL OF THE CONTROL OF THE WAITENS AND AND CONTROL OF THE WAITENS AND AND CONTROL OF THE WAITENS AND CONTROL OF THE WAITENS

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lander (whether checkling, savings, or some other accounts). This includes all accounts Guarantor holds jointly with someone size and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lander, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts authorizes Lander, to the extent permitted by applicable law, to pey what Guerantor ower under the terms of this Gueranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness of Borrower to Lander, whether now SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness of Borrower to Lander, whether now existing or herselfer created, shall be superfor to any claim that Guarantor may now have or herselfer acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, to any claim that Lander may now or herselfer have egainst Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower to the positrophy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower to the prometre to the Indebtedness of Borrower to the prometre to the Indebtedness of Borrower to the prometre to the Indebtedness of Borrower to the Indebtedness of Borrower to the Indebtedness of Borrower, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal bankruptcy of Borrower, provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal bender of the Indebtedness. If Lender so requests, any notes or credit spreaments now or herester evidencing any debts or obligations of Borrower to bankruptcy of Borrower, provided nowever, that such assignment area to enforce unity for the purpose of assuring to center and payment in eight tender of the industredness. If Lender so requests, any notes or credit systements now or hereafter evidencing any debts or obligations of Borrower to tender of the industredness. If Lender so requests, any notes or credit systements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lander. Guarantor agrees, and Lender is the statements and continuation statements and to execute and tile financing statements and continuation statements and to execute and tile financing statements and continuation statements. nergoy surrorized, it are retire to comparise, from unerto take to operate and interesting attended and to compare and enforce its rights under this such other documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guarenty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No affection of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.



Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lander's costs and expenses, including Lander's attorneys' fees and Lander's legal expenses, included in connection with the enforcement of this Guaranty. Lander may hire or pay someons also to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lander's attorneys' fees and legal expenses include Lander's attorneys' fees and legal expenses for bankruptny proceedings (including efforts to modify or expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptny proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment obligation services. Guaranter also shall pay all court costs and auch additional fees as may be directed by the court.

Capition Headings. Capition headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by, construed and enforced in secondance with faderal law and the laws of the State of Washington. This Guaranty has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawfult, Guarantor agrees upon Lander's request to submit to the jurisdiction of the courts of Kitaep County, State

Integration. Quarantor further agrees that Quarantor has read and fully understands the terms of this Quarantor has had the opportunity to be advised by Quarantor's attorney with respect to this Quaranty; the Quaranty fully reflects Quarantor's intentions and parel evidence is not required to interpret the terms of this Quaranty. Quaranty indemnifies and holds Lander harmless from all losses, claims, dermages, and costs (including Lender's attorneys' feet) suffered or incurred by Lender as a result of any breach by Quarantor of the warranties, representations and agreements of this paragraph.

interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower' and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantos," "Borrower," and "Lender" include the helps, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty will not be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not recreasing for Lander to Inquire into the powers of Borrower or Guarantor or of the officers, directors, partnerships, include the provision of the officers, directors, managers, or other agents acting or purporting to act on their behalf, and any Loan indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty. interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefactainile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, it mailed, when deposited in the United States mail, as first class, certified or registered mail postage propaid, directed to the addresses shown near mabe beginning of this Guaranty. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitied "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving forms written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Subject to applicable law, and except for notice required or allowed by law to be other in another manner, if there is more than one Guarantor, any notice of year by Lender in any Guarantor is described. allowed by law to be given in enother manner, if there is more than one Guerantor, any notice given by Lender to any Guerantor is deemed to be notice given to all Guarantons.

No Walver by Lender. Lender shall not be deemed to have walved any rights under this Guaranty unless such walver is given in writing and No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demend strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, not any course of dealing between Lender and Guarantor, with that provision or any other provision of this Guaranty. No prior waiver by Lender, not any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any Instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

DEFINITIONS. The following capitalized words and terms shall have the lollowing meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall meen amounts in lawful money of the United States of America. Words and terms used in the singular, hall include the plural, and the plural shall include the singular, as the contant may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Seven J's Investments Limited Partnership and includes all co-signers and co-makers algning the Note;

Quarantor. The word "Guarantor" means each and every person or entity signing this Guaranty, including without limitation Mildred G. Johnson.

Quaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

indebtedness. The word "indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lander. The word "Lander" means Frontier Bank, its successors and assigns.

Note. The word "Note" means and includes without limitation all of Borrower's promissory notes and/or credit agreements evidencing Borrower's loan obligations in favor of Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions





for promissory notes or credit agreements.

Related Documents. The words "Related Documents" mean all promissory notes, cradit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other limituments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

EACH UNDEREIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED DECEMBER 11, 2003.

DNR-00018865

RETURN ADDRESS: Frontier Bank Silverdale 10705 Silverdate Way NW PO Box 3075 Bliverdale, WA 96383



Page: 1 of 12 12/12/2003 04:11P 131.80 Kitsap Co. HA

32012944

**DEED OF TRUST** 

DATE: December 11, 2003

Reference # (if applicable): SILV-XX1256 - Title No. 32072944

1. Seven J's Investments Limited Partnership

Grantee(s)

1. Frontier Bank

2. Pacific NW Title, Trustee

Legal Description: ALL OF PORT WASHINGTON CONDOMINIUM AND

PORTION LOT 10 AND ALL OF LOT 11,

SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS

Additional on page 2

Additional on page \_\_\_

Assessor's Tax Parcel ID#: 8054-000-000-0206; 8054-000-001-0007; 8054-000-002-0006; 8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002

8054-000-007-0001; 8054-000-008-0000; 8054-000-009-0009; 8054-000-010-0006

8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002 8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008 8054-000-019-0007; 8054-000-020-2004; 8054-000-021-0003; 8054-000-022-0002

8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-026-0008 8054-000-027-0007; 8054-000-028-0008; 8054-000-029-0005; 8054-000-030-0002

8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008 8054-000-035-0007; 8054-000-036-0006; 8054-000-034-0005; 8054-000-038-0004 8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008

8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-048-0004 8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007

8054-000-051-0006; 8054-000-052-0005; 8054-000-053-0004; 8054-000-054-0003 8054-000-055-0002; 8054-000-056-0001; 8054-000-057-0000; 8054-000-058-0009

8054-000-059-0008; 8054-000-060-0005; 8054-000-061-0004; 8054-000-062-0003 8054-000-063-0002; 8054-000-064-0001; 8054-000-065-0000; 8054-000-066-0009

8054-000-087-0008; 8054-000-068-0007; 8054-000-069-0006; 8054-000-070-0003 8054-000-071-0002; 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009

8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0008; 8054-000-078-0005

8054-000-079-0004; 8054-000-080-0001; and 3711-000-010-0002

THIS DEED OF TRUST is dated December 11, 2003, among Seven J's Investments Limited Partnership, whose address is adding Machine Seattle, WA 98112; a Washington Limited Partnership ("Grantor"); Frontier Bank, whose mailing address is Silverdale, 10705 Silverdale Way NW, PO Box 3075, Silverdale, WA 98383 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and Pacific NW Title, whose mailing address is Po Box 3607, Sliverdale, WA 98383 (referred to below as "Trustee").

Page 2

DEED OF TRUST (Continued)

CONVEYANCE AND GRANT. For valuable consideration, Grantor conveys to Trustee in trust with power of sale, right of entry and possession and for the benefit of Lander as Beneficiary, all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and following assessments, rights of way, and appurtenences; all water, water rights and disch rights (notuding stock in utilities with clich or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Kitsap County, State of Washington:

See EXHIBIT A, which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as 1805 Thompson Orive, Bremerton, The Real Property tax Identification number is 8054-000-000-0206;

8054-000-001-0007; 8054-000-002-0006; 8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002 8054-000-007-0001; 8054-000-008-0000; 8054-000-009-0009; 8054-000-010-0006 8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002 8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008 8054-000-019-0007; 8054-000-020-2004; 8054-000-021-0003; 8054-000-022-0002 8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-025-0008 8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002 8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0008; 8054-000-034-0008 8054-000-035-0007; 8054-000-036-0006; 8054-000-034-0005; 8054-000-038-0004 8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008 8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0008; 8054-000-046-0004 8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007 8054-000-051-0008; 8054-000-052-0005; 8054-000-053-0004; 8054-000-054-0003 8064-000-055-0002; 8054-000-056-0001; 8054-000-057-0000; 8054-000-058-0009 8054-000-059-0008; 8054-000-060-0005; 8054-000-061-0004; 8054-000-062-0003 8054-000-063-0002; 8054-000-064-0001; 8054-000-065-0000; 8054-000-066-0009 8054-000-067-0008; 8054-000-068-0007; 8054-000-069-0006; 8054-000-070-0003 8054-000-071-0002; 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009 8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0008; 8054-000-078-0005 8054-000-079-0004; 8054-000-080-0001; and 3711-000-010-0002

Grantor hereby assigns as security to Lander, all of Grantor's right, title, and interest in and to all leases, Rents, and profits of the Property. This assignment is recorded in accordance with RCW 85.08.070; the lien created by this assignment is intended to be specific, perfected and chosts upon the recording of this Deed of Trust. Lender grants to Grantor a license to collect the Rents and profits, which license may be revoked at Lender's option and shall be automatically revoked upon acceleration of all or part of the Indebtedness.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDESTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS DEED OF TRUST. THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERPORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property (this privilege is a license from Lender to Grantor automatically revoked upon detault). The following provisions relate to the use of the Property or to other limitations on the Property. The Real Property is not used principally for agricultural purposes.

Duty to Maintain. Grantor shall maintain the Property in tenentable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Nutsance, Waste. Grantor shall not cause, conduct or permit any nutsance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scorte, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

Lander's Right to Enter. Lander and Lander's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lander's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Dead of Trust.

Compliance with Governmental Requirements. Grantor shall promptly comply, and shall promptly cause compliance by all agents, tenants or other persons or snittes of every nature whatsoever who rent, lease or otherwise use or occupy the Property in any manner, with all laws, ordinances, and regulations, now or hereelter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withinkid compliance during any properties, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing an and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.



Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other sots, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, (A) declare immediately due and payable att sums secured by this Deed of Trust or (B) increase the interest rate provided for in the Note or other document evidencing the Indebtechesia and impose such other conditions as Lender deems appropriate, upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary, whether by curright sale, deed, installment sale contract, land contract, contract for deed, teasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, pertnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, title option shall not be exercised by Lender if such exercise is prohibited by federal law or by Washington law.

TAXES AND LIENS. The following provisions relating to the taxes and flens on the Property are part of this Deed of Trust:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all olaims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all tiens having priority over or equal to the interest of Lander under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Londer's interest in the Property is not jeopardized. If a lien arises or is fied as a result of nonpayment, Grantor shall within lifteen (15) days after the lien arises or, if a lien is fied, within lifteen (15) days after Grantor has notice of the filing, secure the clocharge of the lien, or if requested by Londer, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and altomays' less, or other charges that could accruse as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend fixed and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lander satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Deed of Trust.

Maintenance of Inaurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any observance clause, and with a standard mortgages clause in tavor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such liability insurance in the surance in such liability insurance in the surance in such liability insurance in the surance in such liability insurance interruption, and boiler insurance, as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender and issued or carrificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancalled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impelied in any way by any sct, orrison or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard sizes, Grantor agrees to obtain and maintain Federal Flood insurance, if the full unpaid principal belance of the loan and any prior lens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the lens of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor falls to do so within litteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lander's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or retriburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt end which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal belance of the Indebtechness. If Lender holds any proceeds after payment in full of the Indebtechness, such proceeds shall be paid without interest to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor talks to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Grantor's feature to discharge or pay when due any amounts Grantor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any solion that Lender deems appropriate, including but not limited to discharging or paying all taxes, lierue, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lander for such purposes will then bear interest at the rate charged



under the Note from the date Incurred or paid by Lender to the date of repayment by Granton. All such expenses will become a part of the indebtedness and, at Lender's option, will. (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either. (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be thested as a balloon payment which will be due and payable at the Note's meturity. The Dead of Trust also will asoure payment of theste amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Deed of Trust:

Title. Grantor warrants that: (s) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in tevor of, and accepted by, Lander in connection with this Deed of Trust, and (b) Grantor has the full right, power, and authority to execute and deliver this Deed of Trust to Lander.

Defense of Title. Subject to the exception in the paragraph above, Gramor warrants and will forever defend the title to the Property against the lewful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Trustee or Lander under this Deed of Trust, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lander shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lander's own choice, and Grantor will deliver, or cause to be delivered, to Lander such instruments as Lander may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature, and shall remain in full force and affect until such time as Grantor's indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Deed of Trust

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the normal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by coursed of its own choice all at Grantor's expense, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award she award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Trustee or Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental laxes, fees and charges are a part of this Deed of Trust

Current Taxes, Fees and Charges. Upon request by Lender, Gramor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Deed of Trust, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Deed of Trust.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Deed of Trust or upon all or any part of the Indebtedness secured by this Deed of Trust; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust; (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its evallable remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liene section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lander.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes futures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security Interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further surfortzation from Grantor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Deed of Snahor shall assemble and Property in the Property of the Prope

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by the Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to jurther assurances and stormey-in-fact are a part of this Deed of Trust:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, reflect, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security decision, security agreements, financing statements, or notinuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or destrable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2)



the liens and security intersets created by the Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall relimburse Lander for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor falls to do any of the litings referred to in the preceding paragraph, Lander may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lander as Grantor's altorney-in-fact for the purpose of making, executing, delivering, Bing, recording, and doing all other things as may be necessary or desirable, in Lander's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on the evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance tee shall be paid by Grantor, if permitted try applicable lew. The grantee in any reconveyance may be described as the "person or persons legally entitled thereto", and the recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness of any such matters or facts.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of

Payment Default. Grantor falls to make any payment when due under the Indebtadness.

Other Defaults. Grantor talls to comply with or to perform any other term, obligation, coverant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents. If such a failure is cumble and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lander sends written notice demanding cure of such failure: (a) curse the failure within ten (10) days; or (b) if the ours requires more than ten (10) days, immediately inflates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

Default on Other Payments. Failure of Grantor within the time required by this Deed of Trust to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Default in Payor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the indebtedness or perform their respective obligations under this Deed of Trust or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lander by Granfor or on Granfor's behalf under this Deed of Trust or the Related Documents is false or meleading in any material respect, either now or at the time made or furnished or becomes false or meleading at any time thereafter.

Defective Collegeralization. This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a vatid and perfected security interest or isn) at any time and for BITY TORSOTT.

Deeth or insolvency. The dissolution or termination of Grantor's existence as a going business or the death of any partner, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or egainst Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreologure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garrishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the oreditor or forfeiture proceeding and if Grantor gives Lender written notice of the oreditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reasons or bond for the disaute. reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lander that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lander, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Events Amedical sustainor. Any of the preceding events occurs with respect to any clusters of any of the indebtechess or any Guarantor dies or becomes incompetent, or revokee or disputes the validity of, or liability under, any Guaranty of the indebtechess. In the event of a death, Lender, at its option, may, but shall not be required to, permit the Guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, ours any Event of Default.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lander believes the prospect of payment or performance of the Indebtedness is impaired.

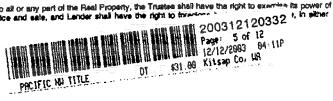
Right to Curs. If such a failure is curable and if Grantor has not been given a notice of a breach of the same provision of this Deed of Trust within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lander sends written notice demanding cure of such failure: (a) cures the lailure within ten (10) days; or (b) if the ours requires more than tan (10) days, krimediately kriticities steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce completes as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Deed of Trust, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Accelerate indebtechees. Lander shall have the right at its option to declare the entire indebtechees irrenediately due and payable, including any prepayment penalty which Gramor would be required to pay,

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to exercise its power of sale and to foreclose by notice and sale, and Lender shall have the right to foreclose.



in accordance with and to the full extent provided by applicable law.

UCC Remedies. With respect to sill or any part of the Personal Property, Lander shall have all the rights and remedia a secured party under the Uniform Commercial Code.

Collect Rents. Lander shall have the right, without notice to Grantor to take possession of and manage the Property and collect the Rents, including amounts past due and unpeld, and apply the net procesds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use tess directly to Lender. If the Rents are collected by Lender, then Grantor interocably designates Lender as Grantor's attorney-in-lact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding or pending foreclosure or sale, and to collect the Recta from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by faw. Lander's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lander shall not dequalify a person from serving as a receiver.

Tenancy at Sufference. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tonant at sufference of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property Immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or

Notice of Sale. Lender shall give Gramor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Sale of the Property. To the extent permitted by applicable law, Granfor hereby walves any and all rights to have the Property maraballed. In exercising its rights and remedies, the Trustee or Lender shall be tree to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lander's opinion are necessary at any time for the protection of its interest or the enforcement of its intrins about a part of the indebtadness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repeid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' less and Lander's legal expenses, whether or not there is a lawsuit, including attorneys' less and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including inforeclosure reports), surveyors' reports, and appraisal less, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law. addition to all other sums provided by law.

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND CELICATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee (pursuant to Lender's Instructions) are port of this Deed of Trust:

ers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take Powers of Trustee. In accident to the powers of trustee areing as a major of law, trustee shall now the power of the following actions with respect to the Property upon the written request of Lender and Granton: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or illen, or of any action or proceeding in which Granior, Lender, or Trustee shall be a party, unless required by applicable law, or unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Kitsap County, State of Washington. The Instrument shall contain, in addition to all other matters required by state faw, the names of the original Lander, Trustee, and Greator, the book and page or the Auditor's File Number where this Deed of Trust is recorded, and the name and address of the auditorator in the Instrument shall be accepted and accordance by the successor in the land. shall be executed and acknowledged by Lender or its auccessors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for

NOTICES. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Deed of Trust, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacelmile (unless shall be given in writing, and shall be effective when actually delivered, when actually received by telefacetmile (unless otherwise required by taw), when deposited with a nationally recognized overnight courier, or, it mailed, when deposited in the United States mall, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address, as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Linder informed at all times of Grantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another resource. If there is more than one Grantor, are notice of the notice to any Grantor is deemed to be notice of when the Lander to any Grantor is deemed to be notice of when in all manner, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all



Grantors.

MESCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Deed of Trust

Amendments. This Deed of Trust, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lander, upon request, at certified statement of not operating income received from the Property during Grantor's previous fiscal year in such form and detal as Lander shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Marger. There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Governing Law. This Deed of Trust will be governed by, construed and enforced in accordance with federal law and the laws of the State of Washington. This Deed of Trust has been accepted by Lender in the State of Washington.

Choice of Venue. If there is a lawault, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Kitaap County, State of Washington.

No Walver by Lender. Lender shall not be deemed to have walved any rights under this Deed of Trust unless such walver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a walver of such right or any other right. A walver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a walver of Lender's right otherwise to demend strict compliance with that provision or any other provision of this Deed of Trust. No prior walver by Lender, not any course of dealing between Lender and Gramor, shall constitute a walver of any of Lender's rights or of any of Grambor's obligations as to any future transactions. Wherever the consent of Lender is required under his Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision flegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it is also be considered deleted from the Deed of Trust. Unless otherwise required by law, the flegality, invalidity, or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns. Subject to any limitations stated in this Deed of Trust on transfer of Grentor's interest, this Deed of Trust shall be binding upon and hure to the benefit of the parties, that successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's auccessors with reference to this Deed of Trust and the indebtachess by way of lothearance or extension without releasing Grantor from the obligations of this Deed of Trust or liab#ty under the indebtachess.

Time is of the Essence. Time is of the sessence in the performance of this Deed of Trust.

Waiver of Homesteed Exemption. Grantor hereby releases and waives all rights and benefits of the homesteed exemption laws of the State of Washington as to all Indebtedness secured by this Deed of Trust.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Deed of Trust. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plumit, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code:

Berreflolary. The word "Beneficiary" means Frontier Bank, and its successors and assigns.

Sorrower. The word "Borrower" means Seven J's investments Limited Partnership and includes all co-signers and co-makers signing the Note.

Deed of Trust. The words "Deed of Trust mean this Deed of Trust among Grantor, Lender, and Trustee, and Includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Default. The word "Default" means the Default set forth in this Deed of Trust in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Deed of Trust in the events of default section of this Deed of Trust.

Grantor. The word "Grantor" means Seven J's investments Limited Partnership.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the indebtectness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Improvements. The word "improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents; together with all renewals of, estensions of, recipitations of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lander. The word "Lander" means Frontier Bank, its successors and assigns.

Note. The word "Note" means the promissory note dated December 11, 2003, in the original principal amount of \$1,540,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with



### DEED OF TRUST (Continued)

Page 8

all bases and profits thereon and proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Deed of Trust.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, guaranties, accurity agreements, mortgages, deeds of trust, accurity deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness; provided, that the environmental indemnity agreements are not "Related Documents" and are not accured by this Deed of Trust.

Rents. The word "Rents' means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

Trustee. The word "Trustee" means Pacific NW Title, whose mailing address is Po Box 3607, Stverdale, WA 98383 and any substitute or successor trustees.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

SEVEN J'S INVESTMENTS LIMITED PARTNERSHIP	
Mildred G. Johnson, General Partner of Seven J's to Umitted Partnership	Investments
and the foliate of the first contract of	
PARTNERSHIP ACK	KNOWLEDGMENTSION
STATE OF Washington	
	) <b>59</b>
COUNTY OF King	) (19) 1-18
On this 11th day of December Notary Public, personally appeared Mildrant for significant for s	20 03 The the underskman
known to me or proved to me on the basis of satisfactory evidence and acknowledged the Deed of Trust to be the free and voluntary its Partnership Agreement, for the uses and purposes therein men execute this Deed of Trust and in fact executed the Deed of Trust or	we to be a of the partnership that executed the Deed of Trust y act and deed of the partnership? by authority of statute or entioned, and on cath stated that he or she is authorized to con behalf of the partnership.
By Came Com	Residing at <u>Bainbridge Island</u>
Notary Public in and for the State of Washington	
**Steven C Johnson as attorney-in-fact o	
partner *and of said Mildred G. Johns	son
REQUEST FOR FULL	L RECONVEYANCE
To:	
The undersigned is the legal owner and holder of all indebtedness a upon payment of all sums owing to you, to reconvey without war interest now held by you under the Deed of Trust.	secured by this Deed of Trust. You are hereby requested, arrantly, to the persons entitled thereto, the right, title and
Data;	Beneficiary:
	By:
	ts:
LANSEN PROD Conting that it is the Contin Proposed Recommendation in American Land Affil 1888s. At Reports Par	Parames - NA SICPANION PL TN INSI M-CONSTRUCT



22-102332

### EXHIBIT "A"

### PARCEL A:

LEASE HOLD ESTATE IN APARTMENT NO. A, 1ST FLOOR, AND APARTMENT NO. B, 2ND FLOOR, AND APARTMENTS OR MOORAGE SLIPS 1 THROUGH 80, INCLUSIVE, ALL IN PORT WASHINGTON MARINA CONDOMINIUM, PHASE I, A LEASEHOLD CONDOMINIUM LOCATED IN THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN LEASE DATED AUGUST 1, 1993 AND RECORDED JULY 30, 1993, UNDER AUDITOR'S FILE NO. 9307300429, AS SHOWN ON THE PLANS AND SURVEY RECORDED ON DECEMBER 29, 1983 IN VOLUME 3 OF CONDOMINIUMS ON PAGES 127 THROUGH 130, INCLUSIVE UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290199, AND AS IDENTIFIED BY THE DECLARATION RECORDED ON DECEMBER 29, 1983 UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290200;

TOGETHER WITH THAT UNDIVIDED PERCENTAGE IN THE COMMON AREAS AND FACILITIES AS DEFINED IN R.C.W. 64.32.010 (6) AND ARTICLES 6 AND 7 OF SAID DECLARATION APPERTAINING TO SAID APARTMENT AND/OR MOORAGE SLIPS TO BE DETERMINED AS PROVIDED IN PARAGRAPH 23.2 AND SCHEDULE C OF SAID DECLARATION.

GRANTEE'S PRESENT INTEREST IN THE UNDIVIDED INTEREST IS SUBJECT TO POSSIBLE PARTIAL DEFEASANCE UPON INCLUSION OF ANY SUBSEQUENT PHASE (S) TO THE CONDOMINIUM.

THE APARTMENT AND/OR MOORAGE SLIPS ARE INTENDED FOR MOORAGE PURPOSES AND USES ONLY.

### PARCEL B:

THE NORTH 60 FEET OF LOT 10 AND ALL OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, ACCORDING TO PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KITSAP COUNTY, WASHINGTON.

... END OF EXHIBIT "A" ...

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Page: 9 of 12 PRCIFIC NH TITLE OT \$31.88 Kitsap Co. HA

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### EXHIBIT B

### LEASEHOLD DEED OF TRUST RIDER

1. Borrower is the lessee and the State of Washington is the lessor of the following tidelands, to wit (the "Leased Land"):

That portion of the Harbor Area situate in front of government Lots 6 and 7, Section 11, Township 24 North, Range 1 East, W.M., in Kitsap County, Washington, included in a tract described as follows:

Beginning at a point on the Inner Harbor Line, said point also being the Northwest corner of Lot 11, supplemental plat of Bay View Garden Tracts, a recorded plat in said government Lot 7 and running thence along said Inner Harbor Line. North 75 degrees 43'57.8" West, a distance of 128.168 feet; thence continuing along said Inner Harbor Line North 69 degrees 38'00" West, a distance 38'00" West, a distance of 148.126 feet; thence continuing along said Inner Harbor Line North 74 degrees 55'00" West, a distance of 334.594 feet; thence continuing along said Inner Harbor Line South 60 degrees 44'00" West, a distance of 126.00 feet; thence continuing along said Inner Harbor Line. South 48 degrees 10'00" West, a distance of 125.00 feet; thence North 29 degrees 25'40" East a distance of 403.64 feet to a point on the Outer Harbor line; thence South 74 degrees 00'00" East along said outer harbor line, a distance of 802.403 feet; thence South 16 degrees 00'00" West, a distance of 210.901 feet across the Harbor Area to the Inner Harbor Line; thence North 75 degrees 43'57.8" West, a distance of 132.290 feet to the Point of Beginning as shown on the official maps of Bremerton tidelands on file in the Office of the Commissioner of Public Lands at Olympia, Washington. Also known as Lease No. 22 - 002332.

- 2. For purposes of the attached Deed of Trust, the term "Property" shall include (i) all right title and interest of Borrower in and to the Leased Land created pursuant to that certain lease from the State of Washington, acting by and through the Department of Natural Resources ("State") as lessor in favor of Borrower as lessee, made and entered into by written Lease (No. 22 002332) dated August 1st, 1993, (the "DNR Lease"), which is recorded with the Kitsap County, Washington Auditor under File No. 9307300429 \_\_\_\_\_\_, and (ii) all of Borrower's marina, floats, piers, docks, breakwaters and other improvements located thereon. (Borrower hereby authorizes Lender or escrow agent to complete the foregoing blank with the recording number of the of the DNR Lease.)
- 3. In addition to the terms of the Deed of Trust, Borrower hereby represents, warrants and covenants to Lender as follows:
- a. Borrower shall, at its own expense, at all times provide, maintain and keep full force, or cause to be provided, maintained or kept in full force, all bonds and policies of insurance as required by the DNR Lease in form and amounts, and issued by companies, associations or organizations in accordance with the DNR Lease;

LEASEHOLD DEED OF TRUST RIDER - 1 -

Leasehold DOT Rider // 11002.029



- Borrower represents and warrants that (i) it holds a good and valid b. leasehold estate in the DNR Lease, (b) it has authority to grant this Deed of Trust, (c) the DNR Lease is free and clear of all liens and encumbrances whatsoever, and (d) it will warrant and defend title to the DNR Lease against the lawful claims of all persons until all Indebtedness has been satisfied or performed in full.
- No material default by Borrower as lessee has occurred and is continuing c. under the DNR Lease and no event has occurred which, with the passage of time or service of notice, or both, would constitute an event of default. The DNR Lease is in full force and effect and all rents and all other charges due and payable under the DNR Lease have been fully paid when due. Borrower is the owner of the entire lessee's interest in the DNR Lease and has the right and authority under the DNR Lease to execute this Rider and to encumber Borrower's The DNR Lease has not been amended, modified, extended, renewed, substituted or assigned except as described herein, and Borrower has delivered to Lender a true, accurate and complete copy of the DNR Lease as amended.
- d. Borrower shall, at its sole cost and expense, promptly and timely perform and observe all the material terms, covenants and conditions required to be performed and observed by Borrower as lessee under the DNR Lease. If Borrower shall breach the foregoing covenant Borrower grants Lender the right (but not the obligation), upon three days' prior notice to Borrower, to take any action as may be necessary to prevent or cure any default of Borrower under the DNR Lease, and Lender shall have the right to enter all or any portion of the Real Property in order to prevent or to cure any such default. All sums expended by Lender in order to cure any such default shall be paid by Borrower to Lender, upon demand, with interest thereon at the interest rate(s) provided in the Note. All such indebtedness shall be secured by this Rider.
- Borrower shall notify Lender promptly in writing of the receipt by Borrower of any notice (written or otherwise) from the lessor under the DNR Lease noting or claiming the occurrence of a default by Borrower. Borrower shall deliver to Lender a copy of any such written notice of default.
- Borrower shall not without Lender's prior written consent, which may be withheld in Lender's sole discretion, surrender, terminate, forfeit or suffer or permit the surrender, termination or forfeiture of the DNR Lease, or change, modify or amend the DNR Lease in a manner that materially adversely affects the rights or benefits of Borrower thereunder. Consent to one amendment change, agreement or modification shall not be deemed to be a waiver of the right to require consent to other, future or successive amendments, changes, agreements or modifications. Any acquisition of any lessor's interest in any of the DNR Lease by Borrower or any affiliate of Borrower shall be accomplished by Borrower in such a manner so as to avoid a merger of the interests of lessor and lessee in such DNR Lease, unless consent to such merger is granted by Lender. If Borrower or any affiliate of Borrower shall acquire fee title to the property subject to any of the DNR Lease, this Deed of Trust shall automatically be a lien on the fee title.
- To the extent permitted by law, the price payable by Borrower or any other party in the exercise of the right of redemption, if any, from any sale under or decree of LEASEHOLD DEED OF TR'

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foreclosure of this Deed of Trust shall include all rents and other amounts paid and other sums advanced by Lender on behalf of Borrower as the lessee under the DNR Lease.

- i. All subleases entered into by Borrower of the DNR Lease (and all such existing subleases modified or amended by Borrower) shall provide that such subleases are, at the option and election of Lender, subordinate to the lien of this Deed of Trust and any extensions, replacements and modifications of this Deed of Trust or the Note, and that if Lender forecloses under this Deed of Trust or enters into a new lease with lessor under the DNR Lease pursuant to the provisions for a new lease, if any, contained therein, then the sublessee shall attorn to Lender or its assignee and the sublease will remain in full force and effect in accordance with its terms notwithstanding the termination of the DNR Lease.
- j. A breach or default of Borrower under any condition or obligation contained in the DNR Lease which is not cured within any applicable cure period provided therein will result in and constitute an Event of Default under the Deed of Trust, in which event Lender shall have all of the rights and remedies available to it under the Deed of Trust and the Note.
- k. Nothing contained herein shall operate or be construed to obligate Lender to perform any of the terms, covenants and conditions contained in the DNR Lease or otherwise to impose any obligation upon Lender. Prior to actual entry into and taking possession of the Property by Lender in accordance with this Deed of Trust, nothing herein or an any Related Document shall operate to place upon Lender or any Lender any responsibility for the operation, control, care, management or repair of the Property or any portion thereof, and the execution of this Deed of Trust by Borrower shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Property is and shall be that of Borrower, prior to such actual entry and taking of possession.



LEASEHOLD DEED OF TRUST RIDER - 3 -

Leasehold DOT Rider # 11002.029

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References in the boxes above are for Lender's use only and do not limb the applicability of this document to any particular loan or item.

Any item above containing "\*\*\* has been omitted due to text length limitations.

Borrower:

SEVEN JS INVESTMENTS LIMITED PARTNERSHIP

P.O. BOX 687 BURLEY, WA 88322 Lender:

Frontier Bank Silverdale 10705 Silverdale Way NV PO Box 3075 Silverdale, WA 98383

Acquunt



Principal Amount: \$1,390,844.53

Interest Rate: 6.500%

Oate of Agreement: December 15, 2008

DESCRIPTION OF EXISTING INDESTEDNESS. ON DECEMBER 11, 2003, BORROWER BECAME INDESTED TO FRONTIER BANK ON A NOTE IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,540,000.00 AND ALSO TO INCLUDE ALL SUBSEQUENT CHANGE IN TERMS AND RENEWALS.

DESCRIPTION OF CHANGE IN TERMS. THIS REPRESENTS A CHANGE IN THE MATURITY DATE, ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME, SEE BELOW FOR NEW PAYMENT SCHEDULE.

PROMISE TO PAY. SEVEN JS INVESTMENTS LIMITED PARTNERSHIP ("Borrower") promises to pay to Frontier Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Three Hundred Ninety Thousand Eight Hundred Forty-four & 63/100 Dollars (\$1,390,844,53), together with interest on the unpaid principal balance from December 15, 2006, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.500% per annum, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 1 regular payments of \$10,405.34 each and one irregular last payment estimated at \$1,395,769.02. Borrower's first payment is due January 15, 2009, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on February 15, 2009, and will be for all principal and all account interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any account unable interest; then to principal; and then to eny late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year [365 during leap years], multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

PREPAYMENT. Borrower may pay without penelty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar lenguage. If Borrower sends such a payment, Lender may accept it without looking any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Frontier Bank, Silverdale, 10705 Silverdale Way NW Silverdale, WA 98383.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly acheduled payment or \$10.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased to 12,000% per annum ("Default Rate"). If judgment is entered in connection with this Agreement, interest will continue to accrue effer the date of judgment at the Default Rate. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute on Event of Default under this Agreement:

Payment Default. Borrower falls to make any payment when due under the Indebtedness.

Other Defaults. Borrower fells to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Londer and Borrower.

Default in Favor of Third Parties. Any guaranter or Borrower defaults under any lean, extension of credit, security agreement, purchase or soles agreement, or any other egreement, in favor of any other creditor or person that may materially affect any of any guaranter's or Borrower's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agraement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or insolvency. The dissolution or termination of Borrower's existence as a going business or the death of any partner, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfetture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-halp, repossession or any other method, by any creditor of Sorrower or by any governmental agency against any colleteral sacuring the indebtedness. This includes a garnishment of any of Sorrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Sorrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monitor or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Quaranter. Any of the preceding events occurs with respect to any Quaranter of any of the indebtedness or any Quaranter dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Quaranty of the indebtedness evidenced by this Note.

Events Affecting General Partner of Borrower. Any of the preceding events occurs with respect to any general partner of Borrower or any general partner dies or becomes incompetent.

Change in Ownership. The resignation or expulsion of any general partner with an ownership interest of twenty-five percent (25%) or more in Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Landor believes the prospect of payment or performance of the indebtedness is impaired.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Borrower, efter receiving written notice from Lander demanding cure of such default. (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lander deems in Lander's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpeld principal balance under this Agreement and all accrued unpeld interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Agreement if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' less and Lendar's legal expenses, whether or not there is a lawsuit, including attorneys' less, expenses for bankruptcy proceedings fincluding efforts to modify or vacets any automatic stey or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Washington.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Kitsep County, State of Washington.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$28.00 if Borrower makes a payment on Borrower's loan and the check of presuthorized charge with which Borrower pays is later dishonored.

RIGHT OF BETOFF. To the extent permitted by applicable law, Lander reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someons else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which satoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or satoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Agreement is secured by (A) A MORTGAGE OR DEED OF TRUST IN FAVOR OF LENDER ON REAL PROPERTY LOCATED IN KITSAP COUNTY, STATE OF WASHINGTON

(B) AN ASSIGNMENT OF RENTS IN FAVOR OF LENDER ON REAL PROPERTY LOCATED IN KITSAP COUNTY, STATE OF WASHINGTON

(C) ALL FIXTURES AS DESCRIBED IN A COMMERCIAL SECURITY AGREEMENT AND FINANCING STATEMENT.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements avidenced or ascuring the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement dose not waive Lender's right to strict performence of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a perty is expressly released by Lender in writing. Any maker or andorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-eigning party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

SUCCESSORS AND ASSIGNS. Subject to any limitations stated in this Agreement on transfer of Borrower's interest, this Agreement shell be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vasted in a person other than Borrower, Lender, without notice to Borrower, may deal with Borrower's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Borrower from the obligations of this Agreement or liability under the Indebtedness.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report eny inaccurate Information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(les) should be sent to us at the following address: Frontier Bank 332 SW Everett Mail Way Everett, WA 98204.

MISCELLANEOUS PROVISIONS. If any part of this Agreement cannot be enforced, this fact will not affect the rest of the Agreement. Lender MIDDELLARIZOUS PROVISIONS. If any part of this Agreement without be entorted fact the less that Agreement without losing them. Borrower and any other person who signs, guarantess or endorses this Agreement, to the extent sllowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party, pertner, or guarentor or collateral; or impair, fell to realize upon or perfect Lander's security interest in the collateral; and take any other action deemed necessary by Lander without the consent of or notice to anyone. All such parties also agree that Lender may modify this loen without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

WILDRED

SEVEN JS INVESTMENTS LIMITED PARTNERSHIP

MILDRED G. JOHNSON, General Partner JS INVESTMENTS LIMITED PARTNERSHIP

DNR-00018879



Alocaunt . Officer 376 References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loss or its Any item above containing \*\*\*\* has been omitted due to text length limitations.

Any item above containing

SEVEN JS INVESTMENTS LIMITED PARTNERSHIP P.O. BOX 687

BURLEY, WA 98322

Londar:

10705 Severdale Way NW PO Box 3075 Sliverdele, WA 98383

Guarentor:

Borrower:

MILDRED G. JOHNSON P.O. BOX 887

BURLEY, WA 98322

CONTINUING GUARANTEE OF PAYMENT AND PERFORMANCE. For good and valuable consideration, Guaranter absolutely and unconditionally Querantees full and punctual payment and estisfaction of the Indebtedness of Sprrower to Lender, and the performance and discharge of all Sorrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Borrower's obligations under the Note and the Related Documents. This is a guaranty of payment and performance and not of collection, so Lendar con entorce this Guaranty against Guarantor even when Lander has not exhausted Landar's remedies against enyone else obligated to pay the indebtedness or against any collected securing the indebtedness, this Guaranty or any other guaranty of the indebtedness. Guarantor will make any payments to Lendar or its order, on demand, in legal tender of the United States of America, in seme-day funds, without set-off or deduction or counterclaim, and will otherwise perform Borrower's obligations under the Note and Related Documents. Under this Guaranty, Guarantor's liability is unlimited and Guarantor's obligations are continuing.

INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any one or more times, accrued unpsid interest thereon and all collection costs and legal expenses related thereto permitted by law, attorneys' fees, arising from any and all debts, liabilities and obligations of every nature or form, now existing or herselfter arising or acquired, that Borrower individually or collectively or interchangeably with others, owes or will one Lender. Indebtedness' includes, without timitation, loans, advances, debts, overdraft indebtedness, credit card indebtedness, lease obligations, liabilities and obligations under any interest rate protection agreements or foreign currency exchange agreements or commodity price protection egreements, other obligations, and liabilities of Borrower, and any present or future judgments against Borrower, future advances, loans or transactions that renew, extend, modify, refinence, consolidate or substitute these debts, liabilities and obligations whether: voluntarily or Involuntarily incurred; due or to become due by their terms or acceleration; ebsolute or contingent; liquidated or unacquidated; determined or undetermined; direct or indirect; primary or secondary in nature or arising from a guaranty or surety; secured or unacquered; joint or several or joint and several; evidenced by a negotiable or non-negotiable instrument or writing; originated by Lender or another or others; betred or unaniforceable against Borrower for any reason whatsoever; for any transactions that may be volidable for any reason (such as infancy, insanity, ultre vires or otherwise); and originated then reduced or extinguished and then afterwards increased or relatated. INDEBTEDNESS. The word "Indebtedness" as used in this Guaranty means all of the principal amount outstanding from time to time and at any

If Lender presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Lender's rights under all guaranties shall be cumulative. This Guaranty shall not fundess specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor's liability will be Guarantor's aggregate liability under the terms of this Guaranty and any such other unterminated guaranties.

CONTINUING QUARANTY. THIS IS A "CONTINUING GUARANTY" UNDER WHICH GUARANTOR AGREES TO GUARANTEE THE FULL AND PUNCTUAL PAYMENT, PERFORMANCE AND SATISFACTION OF THE INDESTEDNESS OF BORROWER TO LENDER, NOW EXISTING OR HEREAFTER ARISING OR ACQUIRED, ON AN OPEN AND CONTINUING BASIS. ACCORDINGLY, ANY PAYMENTS MADE ON THE INDESTEDNESS WILL NOT DISCHARGE OR DIMINISH GUARANTOR'S OBLIGATIONS AND LIABILITY UNDER THIS GUARANTY FOR ANY REMAINING AND SUCCEEDING INDEBTEDNESS EVEN WHEN ALL OR PART OF THE OUTSTANDING INDEBTEDNESS MAY BE A ZERO BALANCE FROM TIME TO TIME.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all the indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lander's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without ilmitation, the term "new indebtedness" does not include the indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. For this purpose and without limitation, "new indebtedness" does not include all or part of the indebtedness that is: incurred by Borrower prior to revocation; incurred under a commitment that became binding before revocation; any renewals, extensions, substitutions, and modifications of the Indebtedness. This Guaranty shell bind Guarantor's estate as to the Indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this legal representative may terminate this Gueranty in the same manner in which Guerantor might have terminated it and with the same effect. Release of any other guerantor or termination of any other gueranty of the Indebtedness shall not effect the liability of Guerantor under this Gueranty. A revocation Lender receives from any one or more Guerantors shall not effect the liability of any remaining Guerantor under this Gueranty. It is anticipated that fluctuations may occur in the aggregate amount of the indebtedness covered by this Gueranty, and Guerantor specifically schrowledges and agrees that reductions in the amount of the indebtedness, even to zero dollars (\$0.00), shall not constitute a termination of this Gueranty. This Gueranty is binding upon Guerantor and Guerantor's heirs, successors and assigns so long as any of the indebtedness remains unpell and even though the indebtedness may from time to time be zero dollars (\$0.00).

OBLIGATIONS OF MARRIED PERSONS. Any married person who signs this Guaranty hereby expressly egrees that recourse under this Guaranty may be had against both his or her separate property and community property.

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, without notice or demand and without lessening Guarantor's flability under this Guaranty, from time to time: (A) prior to revocation as set forth above, to make demand and without lessening Guarantor's Habsity under the Guaranty, from time to time: (A) prior to revocation as set form above, to make one or more additional secured or unsecured loses to Borrower, to lease equipment or other goods to Borrower, or otherwise the additional credit to Borrower; (B) to altar, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness; or any part of the indebtedness; including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original isen term; (C) to take and hold security for the payment of this Guaranty or the indebtedness, and exchange, enforce, welve, subordinate, fell or decide not to perfect, and release any such security, with this Gueranty of the indeptedness, and extensing, endock, were, abstitute, agree not to sue, or deal with any one or more of Borrower's surelies, on without the substitution of new pollatersi; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's surelies, endorsers, or other guerantors on any terms or in any manner Lander may choose; (E) to determine how, when and what application of payments and credits shall be made on the indebtedness; (F) to apply such ascurity agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the indebtedness; and (H) to assign or transfer this Querenty in whole or in part.

QUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guerentor represents and warrants to Lender that (A) no representations or QUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lander that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (B) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, ancumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and cradit information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material advarse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially advarsally affort Guarantor's financial condition. (H) information is provided; (G) no material soveres classing has occurred which may meterially effect Gustantor's linencial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpold taxes) against Gustantor is pending or threatened; (I) Lender has made no representation to Gustantor as to the creditworthiness of Borrower; and (J) Gustantor has established adequate means of obtaining from Borrower on a continuing besis information regarding Borrower's financial condition. Gustantor agrees to keep adequately information from such means of any facts, events, or circumstances which might in any way effect Gustantor's risks under this Gustantoy, and Gustantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Gustantor, any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender. (A) to continue landing money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any



nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the pert of Borrower, Lender, any surety, andorser, or other guarantor in connection with the Indebtedness or in connection with the creation of new or additional loans or obligations: (C) to resort for payment of to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to pursue any other remedy within Lender's power; or (F) to commit any act or omission of any kind, or at any time, with respect to any matter

Whatsoever.

Guerantor also waives any and dil rights or defenses based on suretyship or impairment of collateral including, but not limited to, any rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, including a claim for deficiency, against Guarantor as subrogetton rights or guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any take Emitting, qualifying, or discharging the indebtedness; (C) any disability or other defense of rights Guarantor may suffer by reason of any other person, or by reason of the cessation of Borrower's Rability from any cause whatsoever, other borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's Rability from any cause whatsoever, other happerment of any collisteral for the Indebtedness; (E) any right to claim discharge of the Indebtedness on the basis of unjustified than payment in full in legal tender, of the Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses impairment of any collisteral for the Indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses, given to guarantor is commenced, there is outstanding indebtedness which is not barred by any applicable statute of limitations; or (F) any defenses, given to guarantor as the law or in equity other than actual payment and performances of the indebtedness. If payment is made by Borrower, whether voluntarity o

Gueranter further weives and agrees not to assert or claim at any time any deductions to the amount gueranteed under this Gueranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guerantor, or both.

QUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guerantor warrants and agrees that each of the weivers set forth above is made with Guerantor's full knowledge of its significance and consequences and that, under the circumstances, the weivers are researchable and not contrary to public policy or law. If any such weiver is determined to be contrary to any applicable law or public policy, such weiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarentor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTE TO GUARANTOR. Guarantor agrees that the Indebtedness, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whateover, to any insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whateover, to any claim that Lander may now or hereafter have against Borrower. In the event of Insolvency and consequent liquidation of the assets of Borrower, through benkruptcy, by an essignment for the benefit of creditors, by voluntery liquidation, or otherwise, the assets of Borrower applicable to the permant of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness. Guarantor does hereby essign to Lender all claims which it may have or acquire against Borrower or against any assignment in trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

Amendments. This Gusranty, together with any Releasd Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Gusranty. No alteration of or amendment to this Gusranty shall be effective unless given in writing and algoed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guaranty shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a fawault, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and auch additional fees as may be directed by the court.

Capition Headings. Caption headings in this Guaranty are for convenience purposes only and era not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions.

Cholor of Venus. If there is a lawsuit, Guarantor agrees upon Lender's request to submit to the juriadiction of the courts of Kitsap County, State of Washington.

Integration. Guarantor further agrees that Guarantor has reed and fully understands the terms of this Guarantor has hed the opportunity to be advised by Guarantor's attentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnities and holds Lender hermiess from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the werranties, representations and agreements of this paragraph.

Interpretation. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor respectively shall mean sit and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty was provision of this Guaranty was provision of this Guaranty was provision of Guaranty and the provisions of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guaranter or of the officers, directors, partners, menagers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guarantee.

Notices. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, any notice required to be given under this Guaranty shell be given in writing, and, except for revocation notices by Guarantor, whell be effective when actually delivered, when actually received by telefacsimile funless otherwise required by law), when deposited with a nationally recognized overright courier, or, if mailed, when deposited in the United States mail, as first class, cartified or registered mall postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shell be in writing and shell be effective upon delivery to Lender as provided in the section of this Guaranty artified "OURANT". Any party may change its address for notices under this Guaranty provided in writing notice to the other parties, specifying that the purpose of the notice is to change the perty's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Subject to applicable law, and except for notice required or allowed by law to be given in another manner, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

No Welves by Lender. Lender shall not be deemed to have weived any rights under this Gueranty unless such waiver is given in writing and algored by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a weiver of such right or any other right. A weiver by Lender of a provision of this Gueranty shall not prejudice or constitute a waiver of Lender's right otherwise to damand strict compliance with that provision or eny other provision of this Gueranty. No prior weives by Lender, nor any course of dealing between Lender and Guerantor, shall constitute a weiver of any of Lender's rights or of any of Guerantor's obligations as to any luture transactions. Whenever the consent of Lender is required under this Gueranty, the grenting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be grented or withheld in the solg discretion of Lender:

### COMMERCIAL GUARANTY (Continued)

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inurs to the banefit of the parties, their successors and essigns.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the plural, and the plural shall include the plural shall include the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" meens SEVEN IS INVESTMENTS LIMITED PARTNERSHIP and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Guarantor. The word "Guarantor" means everyone signing this Guaranty, including without limitation MILDRED G. JOHNSON, and in each case, any signer's successors and sesigns.

Queranty. The word "Guaranty" means this guaranty from Guarantor to Lander.

indebtedness. The word "indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

Lender. The word "Lender" means Frontier Bank, its successors and assigns.

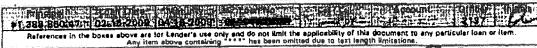
Note. The word "Note" means and includes without limitation all of Borrower's promissory notes and/or credit agreements evidencing Borrower's loan obligations in favor of Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of and substitutions for promissory notes or credit agreements.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deads, colleteral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

EACH UNDERSIGNED QUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, EACH QUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON QUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO LENDER AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MAINTER SET FORTH IN THE SECTION TRITLED TOURATION OF QUARANTY. NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED DECEMBER 15, 2008.

QUARANTOR:

DNR-00018882



Borrower:

SEVEN JS INVESTMENTS LIMITED PARTNERSHIP

P.O. BOX 887 BURLEY, WA 98322

Lender:

Frontier Benk 10705 Silverdale Wa PD Box 3078 E8verdele, WA 98383

Principal Amount: \$1,388,860.47

Interest Bate: 6.500%

Date of Agreement: February 15, 2009

DESCRIPTION OF EXISTING INDEBTEDMESS. ON DECEMBER 11, 2003, BORROWER MECAME INDEBTED TO FRONTIER BANK ON A NOTE IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,540,000.00 AND ALSO TO INCLUDE ALL SUBSEQUENT CHANGE IN TERMS AND RENEWALS.

DESCRIPTION OF CHANGE IN TERMS. THIS REPRESENTS A CHANGE IN THE MATURITY DATE, ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME. SEE BELOW FOR NEW PAYMENT SCHEDULE.

PROMISE TO PAY. SEVEN JS INVESTMENTS LIMITED PARTNERSHIP ("Sorrower") premises to pay to Frontiar Senk ("Lender"), or order, in lewful money of the United States of America, the principal amount of One Million Three Hundred Eighty-eight Thousand Eight Hundred Sixty & 47/100 Dollars (\$1,388,860.47), together with interest on the unpaid principal belance from February 15, 2009, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of \$.500% per arman, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 1 regular payments of \$10.405.34 such and one irregular last payment estimated at \$1,393,028.47. Sorrower's first payment is due March 15, 2009, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on April 15, 2009, and will be for all principal and all socrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be explicat first to any socrued unpaid interest; then to principal; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this toen is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (366 during less years), multiplied by the outstanding principal balance, multiplied by the extusi number of days the principal balance is ownstanding. All interest payable under this loan is computed using this method.

PREPAYMENT. Sorrower may pay without pensity all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal belance due and may result in Borrower's making lewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lander may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Frontier Bank, Silverdals, 10706 Silverdale Way NW Silverdale, WA 98383.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5,000% of the regularly scheduled payment or \$10.00. whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including fellure to pay upon final maturity, the interest rate on this loan shall be increased by 6.000 percentage points. If Judgment is entered in connection with this Agreement, interest will continue to accrue after the date of judgment at the rate in effect at the time judgment is entered. However, in no event will the interest rate exceed the maximum interest rate limitations under

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrows: falls to make any payment when due under the indebtedness.

Other Defaults. Borrower falls to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lander and Borrower.

Default in Favor of Third Parties. Any guaranter or Borrower defaults under any loan, extension of credit, security agreement, purchase or seles agreement, or any other agreement, in layor of any other craditor or person that may materially affect any of any guerantor's or Borrower's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

Feise Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is felse or misleading in any material respect, either now or at the time made or furnished or becomes false of misleading at any time theresiter.

Death or insolvency. The dissolution or termination of Sorrower's existence as a going business or the death of any partner, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any easignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bentruptcy or insolvency laws by or egainst Borrower.

Creditor or Forteiture Proceedings. Commencement of forestoeure or forteiture proceedings, whether by judicial proceeding, self-help, repossassion or any other method, by any creditor of Borrower's ecounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower's ecounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender morees or a surety bond for the creditor or forfsiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Quaranter. Any of the preceding events occurs with respect to any Quaranter of any of the indebtedness or any Guaranter dies or becomes incompetent, or revokes or disputes the velidity of, or liability under, any Quaranty of the indebtedness evidenced by this Note.

Events Affecting General Partner of Borrower. Any of the preceding events occurs with respect to any general pariner of Borrower or any general partner dies or becomes incompetent.

Change in Ownership. The resignation or expulsion of any general partner with an ownership interest of (wenty-tive percent (25%) or more

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performence of the Indebtedness is impeired.

Cure Provisions. It any default, other then a default in payment is curable and if Borrower has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lander demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately inhitiates steps which Lander deems in Lander's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compilance as soon as reasonably practical.

LENDER'S RIGHTS. Upon detault, Lander may declare the entire unpeid principal belance under this Agreement and all accrued unpeid interest immediately due, and then Borrower will pay that emount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone also to help pollect this Agreement if Borrower does not pay. Borrower will pay Lander that amount. This includes, subject to any limits under applicable law, Lender's attorneys' less and Lander's legal expenses, whother or not there is a laweuit, including stronreys' fees, expenses for benkruptcy proceedings (including afforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower else with pay any court costs, in addition to all other sums provided by law.

GOVERNMO LAW. This Agreement will be governed by federal lew applicable to Lander and, to the extent not preempted by federal lew, the lewe of the State of Weshington without regard to its conflicts of law provisions. This Agreement has been accepted by Lander in the State of

CHOICE OF VENUE. If there is a laweuit, Borrower agrees upon Landar's request to submit to the jurisdiction of the courts of Kitsep County.



State of Washington.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$28.00 if Borrower makes a payment on Borrower's loan and the chack or presuthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOPF. To the extent permitted by applicable law, Lender reserver a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other accounts. This includes all accounts Borrower holds jointly with someone size and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which sateff would be prohibited by law. Borrower subarrizes Lender, to the extent permitted by applicable law, to charge or sateff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower acknowledges this Agreement is secured by

IA) A MORTGAGE OR DEED OF TRUST TO A TRUSTEE IN FAVOR OF LENDER ON REAL PROPERTY LOCATED IN KITSAP COUNTY, STATE OF WASHINGTON

IBI AN ASSIGNMENT OF RENTS IN FAVOR OF LENDER ON REAL PROPERTY LOCATED IN KITSAP COUNTY, STATE OF WASHINGTON

(B) ALL FIXTURES DESCRIBED IN A COMMERCIAL SECURITY AGREEMENT AND FINANCING STATEMENT.

CONTENUING VALEDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligationist, remain unchanged and in full force and effect. Content by Lender to this Agreement does not waive Lender's right to strict performance of the obligationist as changed, not obligate Lender to make any future change in tarms. Nothing in this Agreement will constitute a satisfaction of the obligationist, it is the intention of Lender to retain as liable perfice all makers and endorsers of the original obligationist, including accommodation parties, unless a perfy is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by writte of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionably, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extansion, modification or release, but size to all such subsequent actions.

SUCCESSORS AND ASSIGNS. Subject to any limitations stated in this Agreement on transfer of Sortower's interest, this Agreement shell be binding upon and Inuse to the benefit of the parties, their successors and essigns. If ownership of the Collateral becomes vested in a person other than Sorrower, Lander, without notice to Sorrower, may deal with Sorrower's successors with reference to this Agreement and the Indebtedness by way of forbestence or extension without releasing Sorrower from the obligations of this Agreement or Sability under the indebtedness.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your accountis) to a consumer reporting agency. Your written notice describing the specific inaccuracy(les) should be sent to us at the following address: Frontier Bank 332 EW Everett Mall Way Everett, WA 98204.

stiscellaneous provisions. If any part of this Agreement sensor be entoroid, this fact will not effect the rest of the Agreement. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor, by the state of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extent trapestedly and for any length of time) this losn or release any party, pertner, or guarantor or collected; or impair, fell to realize upon or perfect lender's security interest in the collecters; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this losn without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under the Agreement are joint and several.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT, BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER.

SEVEN JE INVESTMENTS LIMITED PARTNERSHIP

MILDRED G. JOHNSON SMOOD PARTNER OF SEVEN
JS INVESTMENTS LINDED PARTNERSHIP

Stant Johnson POA

Principal Company of the Control of

References in the boxas above are for Lender's use only and do not limit the applicability of this document to any particular loan or its Any item above containing \*\*\*\* has been omitted due to text length limitations. Any item above containing

Borrower:

BEVEN JS INVESTMENTS LIMITED PARTNERSHIP

P.O. BOX 637 BREMERTON, WA 98337

Strerdale 10705 Silverdale Nay I PO Box 3075 Silverdale, WA 98383

Interest Rate: 6,500%

Date of Agreement: April 15, 2009

Principal Amount: \$1,383,363.26 DESCRIPTION OF EXISTING INDESTEDNESS. ON DECEMBER 11, 2003, SORROWER BECAME INDESTED TO FRONTIER BANK ON A NOTE IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,540,000.00 AND ALSO TO INCLUDE ALL SUBSEQUENT CHANGE IN TERMS AND RENEWALS.

DESCRIPTION OF CHANGE IN TERMS. THIS REPRESENTS A CHANGE IN THE PAYMENT AMOUNT AND A CHANGE IN THE MATURITY DATE. ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME. SEE BELOW FOR NEW PAYMENT SCHEDULE.

PROMISE TO PAY. SEVEN JS INVESTMENTS LIMITED PARTNERSHIP ("Borrower") promises to pay to Frontier Bank ("Lender"), or order, in Fromise 10 PAT. Seven so investments timited Partmenoning sortowers promises to pay to Promise Bank ("Lande"), or order, in lewful money of the United States of America, the principal amount of One Million Three Hundred Eighty-three Thousand Three Hundred Sixty-three & 26/100 Dollers (\$1,383,363,26), together with interest on the unpeld principal balance from April 15, 2009, calculated as described in the "INTEREST CALCULATION METHOD" peragraph using an interest rate of 5,500% per annum, until peld in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this ioon in 59 regular payments of \$10,315.00 each and one trregular last payment estimated at \$1,194,317.71. Borrower's first payment is due May 15, 2009, and all subsequent payments are due on the same day of each month after that. Borrower's first payment will be due on April 15, 2014, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpeld interest; then to principal; and then to any late charges. Borrower will pay Lender at Lander's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this loan is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this loan is computed using this method.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are serned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the subject to refund upon early payments without penelty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lander in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment achedule. Rather, early to by Lender in writing, relieve borrower of sorrower's obligation to continue to make payments under the payment achequie. Hather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Agreement, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full estisfaction of a disputed amount must be applied or formation of the payment of the p meiled or delivered to: Frontier Bank, Silverdale, 10705 Silverdale Way NW Silverdale, WA 98383.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly acheduled payment or \$10.00, whichever le gréater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this loan shall be increased by 5.000 percentage points. If judgment is entered in connection with this Agreement, interest will continue to accrue after the date of judgment at the rate in effect at the time judgment is entered. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Other Delauits. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Any guarantor or Borrower defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of any guarantor's or Borrower's property or ebility to perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes telse or misleading at any time thereafter.

Death or insolvency. The dissolution or termination of Borrower's existence as a going business or the death of any partner, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foraclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any graditor of Borrower or by any governmental agency against any collateral accuring the indebtedness. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lander monies or a surety band for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or Rability under, any Guaranty of the indebtedness evidenced by this Note.

Events Affecting General Partner of Borrower. Any of the preceding events occurs with respect to any general partner of Borrower or any general partner dies or becomes incompetent.

Change in Ownership. The resignation or expulsion of any general partner with an ownership interest of twenty-five percent (25%) or more

A meterial adverse change occurs in Borrower's finencial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

Cure Provisions. If any default, other than a default in payment is curable and if Borrower has not been given a notice of a breach of the Cure provisions. If any cereous, then a constant a person to the preceding twelve (12) months, it may be cured if Borrower, after receiving written notice from Lender demanding cure of such default. (1) cures the default within tan (10) days; or (2) If the cure requires more than tan (10) days, immediately initiates steps which Lender deams in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as researcably practical.

LENDER'S RIGHTS. Upon default, Landar may declare the entire unpaid principal balance under this Agraement and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone also to help collect this Agreement If Borrower does not pay. Borrower will ATTUMETS rees; expenses, Lender may rise or pay someone are to resp conduct this Agreement in oursawer does not pay. Borrower with pay Lender that amount. This includes, subject to any limits under applicable law, Lender's estimants' frees and Lender's legal expenses, whether or not there is a lawauit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any sutomatic stey or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Washington without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of



Washington.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Kitsep County, State of Washington.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$28.00 if Borrower makes a payment on Borrower's losin and the check or presutherized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lander recover a right of setoff in all Borrowar's accounts with Lander (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone also and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which satoff would be prohibited by law. Borrower authorizes Lander, to the extent permitted by applicable law, to charge or satoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. Borrower ecknowledges this Agreement is secured by the following collateral described in the security instrument listed herein: a Mongage or Dead of Trust to a trustee in favor of Lender on real property located in KITSAP County, State of Washington.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not weive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s), it is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons eighing below scknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement or otherwise will not be released by it. This waiver applies not only to any initial extension, modification or release, but also to all such subsequent actions.

SUCCESSORS AND ASSIGNS. Subject to any limitations stated in this Agreement on transfer of Borrower's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Colleteral becomes vested in a person other than Borrower, Lender, without notics to Borrower, may deal with Borrower's successors with reference to this Agreement and the indebtedness by way of forbestence or extension without releasing Borrower from the obligations of this Agreement or fishlity under the indebtedness.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(les) should be sent to us at the following address: Frontier Sank 332 SW Everstt Mail Way Everstt, WA 98204.

MISCELLANEOUS PROVISIONS. If any part of this Agreement cannot be enforced, this fact will not affect the rest of the Agreement. Lender may delay or forgo enforcing any of its rights or remedies under this Agreement without losing them. Borrower and any other person who signs, guarantees or endorses this Agreement, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Agreement, and unless otherwise expressly stated in writing, no party who signs this Agreement, whether as maker, guarantor, accommodation maker or endorser, shell be released from lebility. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party, pertner, or guarantor or collateral; or impair, fall to realize upon or perfect Lender's security interest in the colleteral; and take any other settion deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Agreement are joint and several.

PRIOR TO SIGNING THIS AGREEMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT. BORROWER AGREES TO THE TERMS OF THE AGREEMENT.

BORROWER:

SEVEN JS INVESTMENTS LIMITED PARTNERSHIP

MILURED G. JOHNSON, General Parties of SEVEN

JS INVESTMENTS LIMITED PARTNERSHIP

LABRA MICE Landing, Van, S. 4.8, 25.004. Staps, Martined Related Salations, Inc., 1882, 1909. Did Raps December 1, 1914. CACPTER SALES TO BEST 1914. Charles Sales Sal

AFTER RECORDING RETURN TO: Rainier Foreclosure Services, Inc. c/o Schweet Rieke & Linde, PLLC 575 S. Michigan Street Seattle, WA 98108 22-1902332

### NOTICE OF TRUSTEE'S SALE PURSUANT TO THE REVISED CODE OF WASHINGTON CHAPTER 61.24, ET.SEQ.

TO:

Seven JS Investments Limited Partnership

Estate of Mildred G. Johnson

Occupants of the Premises

State of Washington, Dept of Natural Resources Port Washington Marina Condominium's Owner's

Association

Douglas R. Foulds & Donna R. Ernst

Union Bank, N.A., as successor in interest to the

FDIC, as Receiver for Frontier Bank

Matthew Goldberg

Blackbourn Services, Inc.

I.

NOTICE IS HEREBY GIVEN that the undersigned Trustee, Rainier Foreclosure Services, Inc., will on MARCH 29, 2013, at the hour of 10:00 AM, outside the front entrance of the Kitsap County Courthouse, 614 Division Street, in the City of Port Orchard, State of Washington, sell at public auction to the highest and best bidder, payable at the time of sale, the following described real property, situated in the County of Kitsap, State of Washington, to wit:

### Exhibit A attached hereto

Abbreviated Legal Description: All of Port Washington Condominium and Portion Lot 10 and all of Lot 11, Supplemental Plat of Bay View Garden Tracts.

Tax Parcel Nos: 8054-000-000-0206; 8054-000-001-0007; 8054-000-002-0006; 8054-000-003-0005; 8054-000-004-0004; 8054-000-005-0003; 8054-000-006-0002; 8054-000-007-0001; 8054-000-08-0000; 8054-000-009-0009; 8054-000-010-0006; 8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002; 8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008; 8054-000-019-0007; 8054-000-020-2004; 8054-000-021-0003; 8054-000-022-0002; 8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-026-0008; 8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002;

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8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008; 8054-000-035-0007; 8054-000-036-0006; 8054-000-037-0005; 8054-000-038-0004; 8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008; 8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-046-0004; 8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007; 8054-000-051-0006; 8054-000-052-0005; 8054-000-053-0004; 8054-000-054-0003; 8054-000-055-0002; 8054-000-056-0001; 8054-000-057-0000; 8054-000-058-0009; 8054-000-063-0002; 8054-000-064-0001; 8054-000-065-0000; 8054-000-066-0009; 8054-000-067-0008; 9054-000-068-0007; 8054-000-069-0006; 8054-000-070-0003; 8054-000-071-0002; 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009; 8054-000-075-0008; 8054-000-075-0000; 8054-000-074-0009; 8054-000-075-0008; 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009; 8054-000-075-0008; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-075-0000; 8054-000-000-0000; 8054-000-0000-0000; 8054-000-0000-0000; 8054-000-0000-0000
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commonly known as 1805 Thompson Drive, Bremerton, WA 98337, which is subject to that certain Deed of Trust, dated December 11, 2003, recorded on December 12, 2003, under Kitsap County Auditor's No. 200312120332 from Seven JS Investments Limited Partnership, as Grantor, to Pacific NW Title, as original Trustee, to secure an obligation in favor of Frontier Bank, as beneficiary. Union Bank, N.A., as successor in interest to the Federal Deposit Insurance Corporation, as Receiver for Frontier Bank successor in interest to Frontier Bank, is the current holder of the obligation and beneficiary of the deed of trust which was assigned to Union Bank, N.A.

II.

No action commenced by the Beneficiary of the Deed of Trust is now pending to seek satisfaction of the obligation in any Court by reason of the Borrower's or Grantor's default on the obligation secured by the Deed of Trust.

III.

The Default for which this foreclosure is made is as follows: Failure to pay when due the following amounts which are now in arrears:

### Monthly Payments:

7 Delinquent payments at \$10,315.00 each 06/15/12 through 12/15/12

\$72,205.00

Unpaid Accrued Late Charges:

\$ 3,610.25 Additional Default Interest: \$ .00 TOTAL \$75,815.25

\*plus all attorney's fees and costs and foreclosure fees and costs incurred

Default other than failure to make monthly payments:

Delinquent General Taxes for 2012 for Tax Parcel No. 8054-000-000-0206 in the amount of \$1,110.95 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel No. 3711-000-010-0002 in the amount of \$1,323.54 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-001-0007; 8054-000-002-0006 in the amount of \$184.32 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-003-0005; 8054-000-004-0004 in the amount of \$156.98 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-005-0003; 8054-000-006-0002 in the amount of \$132.38 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-007-0001; 8054-000-008-0000 in the amount of \$105.08 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-009-0009; 8054-000-010-0006; 8054-000-011-0005; 8054-000-012-0004; 8054-000-013-0003; 8054-000-014-0002; 8054-000-015-0001; 8054-000-016-0000; 8054-000-017-0009; 8054-000-018-0008; 8054-000-019-0007; 8054-000-020-0004; 8054-000-021-0003; 8054-000-022-0002; 8054-000-023-0001; 8054-000-024-0000; 8054-000-025-0009; 8054-000-026-0008; 8054-000-027-0007; 8054-000-028-0006; 8054-000-029-0005; 8054-000-030-0002; 8054-000-031-0001; 8054-000-032-0000; 8054-000-033-0009; 8054-000-034-0008; 8054-000-035-0007; 8054-000-036-0006; 8054-000-037-0005; 8054-000-038-0004; 8054-000-039-0003; 8054-000-040-0000; 8054-000-041-0009; 8054-000-042-0008; 8054-000-043-0007; 8054-000-044-0006; 8054-000-045-0005; 8054-000-046-0004; 8054-000-047-0003; 8054-000-048-0002; 8054-000-049-0001; 8054-000-050-0007; 8054-000-051-0006; 8054-000-052-0005; 8054-000-053-0004; 8054-000-059-0003; 8054-000-056-0001; 8054-000-056-0001; 8054-000-057-0000; 8054-000-053-0004; 8054-000-059-0008; 8054-000-065-0002; 8054-000-066-0001; 8054-000-062-0003; 8054-000-063-0002; 8054-000-064-0001; 8054-000-065-0000; 8054-000-066-0009; 8054-000-067-0008; 8054-000-068-0007; 8054-000-069-0006; 8054-000-069-000

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-072-0001; 8054-000-073-0000; 8054-000-074-0009; 8054-000-075-0008; 8054-000-076-0007; 8054-000-077-0006 in the amount of \$121.49 plus interest and penalties.

Delinquent General Taxes for 2012 for Tax Parcel Nos. 8054-000-078-0005; 8054-000-079-0004; 8054-000-080-0001; 8054-000-078-0005 in the amount of \$69.54 plus interest and penalties.

IV.

The sum owing on the obligation secured by the Deed of Trust is: Principal Balance of \$1,267,384.17, together with interest as provided in the note or other instrument secured from May 15, 2012, and such other costs and fees as are due under the note or other instrument secured, and as are provided by statute.

V.

The above-described real property will be sold to satisfy the expense of sale and the obligation secured by said Deed of Trust as provided by statute. The sale will be made without warranty, express or implied, regarding title, possession, or encumbrances on 29th day of March, 2013. The defaults referred to in paragraph III must be cured by the 18th day of March, 2013 (11 days before the sale date) to cause a discontinuance of the sale. The sale will be discontinued and terminated if at any time before the 18th day of March, 2013 (11 days before the sale date), the default(s) as set forth in paragraph III are cured and the

Trustee's fees and costs are paid. The sale may be terminated any time after the 18th day of March, 2013, by the Borrower or Grantor or the holder of any recorded junior lien or encumbrance paying the principal and interest plus costs, fees, and advances, if any, made pursuant to the terms of the obligation and/or deed of trust, and curing all other defaults.

VI.

A written Notice of Default and notice required by RCW 61.24.042 was transmitted by the Beneficiary or Trustee to the Borrower or Grantor and Guarantors at the following addresses:

Seven JS Investments Limited Partnership

at: ATTN: Steven C. Johnson, Registered Agent (b) (6)
Gig Harbor, WA 98332

at: ATTN: Steven C. Johnson, Registered Agent PO Box 687 Burley, WA 98322

at: 1805 Thompson Drive Bremerton, WA 98337

at: (b) (6) Seattle, WA 98112

Seven JS Investments Limited Partnership dba Port Washington Marina

at: 20 West Galer Seattle, WA 98119

Seven JS Investments Limited Partnership Estate of Mildred G. Johnson

at: c/o Steven and Gail Johnson PO Box 687 Burley, WA 98322

Estate of Mildred G. Johnson

at: PO Box 687 Burley, WA 98322

at: (b) (6) Seattle, WA 98112

by both first class and certified mail on September 7, 2012, proof of which is in the possession of the Trustee; and the Borrower and Grantor were personally served on September 8, 2012, with said written Notice of Default notice required by RCW 61.24.042 and/or the Notice of Default notice required by RCW 61.24.042 was posted in a conspicuous place on the real property described in paragraph I above, and the Trustee has in his possession proof of such service or posting.

VII.

The Trustee whose name and address is set forth below will provide in writing, to any person requesting it, a statement of all costs and fees due at any time prior to the sale.

#### VIII.

The effect of the sale will be to deprive the Grantor and all those who hold by, through or under the Grantor of all their interest in the above-described property.

IX.

Anyone having any objections to this sale on any grounds whatsoever will be afforded an opportunity to be heard as to those objections, if they bring a lawsuit to restrain the sale, pursuant to R.C.W. 61.24.130. Failure to bring such a lawsuit may result in a waiver of any proper grounds for invalidating the Trustee's Sale.

X.

### **NOTICE TO GUARANTORS:**

Any guarantor of the obligation secured by the deed of trust may be liable for a deficiency judgment to the extent the sale price obtained at the trustee's sale is less than the debt secured by the deed of trust. All guarantors have the same rights to reinstate the debt, cure the default or repay the debt as is given to the Grantor and Borrower in order to avoid the trustee's sale. Any guarantor will have no right to redeem the property after the trustee's sale. Subject to such longer periods as are provided in the Washington deed of trust act, Chapter 61.24 RCW, any action brought to enforce a guaranty must be commenced within one year after the trustee's sale, or the last trustee's sale under any deed of trust granted to secure the same debt. In any action for a deficiency, a guarantor will have the right to establish the fair value of the property as of the date of the trustee's sale, less prior liens and encumbrances, and to limit the guarantor's liability for a deficiency to the difference between the debt and the greater of such fair value or the sale price paid at the trustee's sale, plus interests and costs.

XI.

### NOTICE TO OCCUPANTS OR TENANTS

The purchaser at the trustee's sale is entitled to possession of the property on the 20th day following the sale, as against the grantor under the deed of trust (the owner) and anyone having an interest junior to the deed of trust, including occupants who are not tenants. After the 20th day following the sale the purchaser has the right to evict occupants who are not tenants by summary proceedings under chapter 59.12 RCW. For tenant occupied property, the purchaser shall provide a tenant with written notice in accordance with RCW 61.24.060.

19\_\_\_, 2012. DATED: December

RAINIER FORECLOSURE SERVICES, INC.,

Successor Trustee

LAURIN S. SCHWEET, President Rainier Foreclosure Services, Inc. c/o

SCHWEET RIEKE & LINDE, PLLC

575 S. Michigan Street Seattle, WA 98108

(206) 275-1010

STATE OF WASHINGTON	)
	) 55.
COUNTY OF KING	)

On this day before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared LAURIN S. SCHWEET, to me known to be the President of the corporation that executed the foregoing NOTICE OF TRUSTEE'S SALE, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned and on oath stated that she is authorized to execute the said instrument.

Given under my hand and official seal on December 19 2012

Maureen A. Fitzgerald

Notary Public in and for the

State of Washington, residing at: Seattle

My commission expires: 9/27/16

### **EXHIBIT "A"**

#### PARCEL A:

LEASE HOLD ESTATE IN APARTMENT NO. A, 1ST FLOOR, AND APARTMENT NO. B, 2ND FLOOR, AND APARTMENTS OR MOOFAGE SLIPS 1 THROUGH 80, INCLUSIVE, ALL IN PORT WASHINGTON MARINA CONDOMINIUM, PHASE I, A LEASEHOLD CONDOMINIUM LOCATED IN THE LEASEHOLD ESTATE CREATED BY THAT CERTAIN LEASE DATED AUGUST 1, 1993 AND RECORDED JULY 30, 1993, UNDER AUDITOR'S FILE NO. 9307300429, AS SHOWN ON THE PLANS AND SURVEY RECORDED ON DECEMBER 29, 1983 IN VOLUME 3 OF CONDOMINIUMS ON PAGES 127 THROUGH 130, INCLUSIVE UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290199, AND AS IDENTIFIED BY THE DECLARATION RECORDED ON DECEMBER 29, 1983 UNDER KITSAP COUNTY AUDITOR'S FILE NO. 8312290200;

TOGETHER WITH THAT UNDIVIDED PERCENTAGE IN THE COMMON AREAS AND FACILITIES AS DEFINED IN R.C.W. 64.32.010 (6) AND ARTICLES 6 AND 7 OF SAID DECLARATION APPERTAINING TO SAID APARTMENT AND/OR MOORAGE SLIPS TO BE DETERMINED AS PROVIDED IN PARAGRAPH 23.2 AND SCHEDULE C OF SAID DECLARATION.

GRANTEE'S PRESENT INTEREST IN THE UNDIVIDED INTEREST IS SUBJECT TO POSSIBLE PARTIAL DEPEASANCE UPON INCLUSION OF ANY SUBSEQUENT PHASE (S) TO THE CONDOMINIUM.

THE APARTMENT AND/OR MOORAGE SLIPS ARE INTENDED FOR MOORAGE PURPOSES AND USES ONLY.

#### PARCEL B:

THE NORTH 60 FEET OF LOT 10 AND ALL OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, ACCORDING TO PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KITSAP COUNTY, WASHINGTON.

... END OF EXHIBIT "A" ....

Page: 9 of 12 12/12/2003 04:11P PRCIFIC NH TITLE 0T \$31.60 Kitsap Co, NA



Enumclaw, WA 98022

### CERTIFICATE OF LIABILITY INSUR .NCE

FUP IU: LG DATE (MM/DD/YYYY) 02/09/12

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to

PRODUCER 425-822-1368			CONTACT NAME:					
Grif	fin MacLean, Inc.	ean, Inc. Ave NE A203 425-822-2737						
	evue, WA 98005			E-MAIL ADDRESS:		(AC, NO):	_	
				ADDRESS: PRODUCER CUSTOMER ID #; SEVEN-1				
								The constant
mer	RED Seven J's Investments I I	•		INSURER(S) AFFORDING COVERAGE				NAIC#
Mac	Seven J's Investments, LI PO Box 687			INSURER A : Atlantic Specialty Insurance				-
	Burley, WA 98322			INSURER B : Company				
	Bulley, WA 30322			INSURER C:				
				INSURER D ;				
				INSURER E :				
				INSURER F:				
CO	VERAGES CERT	TIFICATI	E NUMBER:			REVISION NUMBER:		
NOE	HIS IS TO CERTIFY THAT THE POLICIES IDICATED. NOTWITHSTANDING ANY REI ERTIFICATE MAY BE ISSUED OR MAY F XCLUSIONS AND CONDITIONS OF SUCH F	QUIREME PERTAIN, POLICIES	NT, TERM OR CONDITION THE INSURANCE AFFORDI LIMITS SHOWN MAY HAVE	OF ANY CONTRACT ED BY THE POLICIE BEEN REDUCED BY	OR OTHER S DESCRIBE PAID CLAIMS	DOCUMENT WITH RESPE D HEREIN IS SUBJECT TO	CT TO	WHICH THIS
NSR LTR	TYPE OF INSURANCE	ADDL SUBF	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMIT	S	
	GENERAL LIABILITY					EACH OCCURRENCE	\$	1,000,00
A	X COMMERCIAL GENERAL LIABILITY	X	B5JH83513	12/11/11	12/11/12	DAMAGE TO RENTED PREMISES (Ea occurrence)	s	100,0
	CLAIMS-MADE X OCCUR				and the same	MED EXP (Any one person)	\$	5,0
	Marina Operators		\$100,000/\$300,000	12/11/11	12/11/12	PERSONAL & ADV INJURY	s	1,000,0
	Liability		\$5,000 DED	191911	7.50	GENERAL AGGREGATE	s	2,000,0
	GEN'L AGGREGATE LIMIT APPLIES PER:		Mark Care			PRODUCTS - COMP/OP AGG	s	2.000,0
	X POLICY PRO-					THOUGHT COMMITCH NOC	5	
П	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT (Ea accident)	s	
	ANY AUTO	1			B	BODILY INJURY (Per person)	\$	
	ALL OWNED AUTOS					BODILY INJURY (Per accident)	5	
	SCHEDULED AUTOS HIRED AUTOS					PROPERTY DAMAGE (Per accident)	\$	
	NON-OWNED AUTOS						\$	
							\$	
	UMBRELLA LIAB OCCUR					EACH OCCURRENCE	\$	
	EXCESS LIAB CLAIMS-MADE					AGGREGATE	s	
	DEDUCTIBLE						5	
	RETENTION \$						s	
П	WORKERS COMPENSATION					WC STATU- TORY LIMITS ER		
	AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE					E.L. EACH ACCIDENT	5	
	OFFICER/MEMBER EXCLUDED? (Mandatory In NH)	NIA	1			E.L. DISEASE - EA EMPLOYEE		03
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - POLICY LIMIT	-	
A	Piers Docks Wharve		B5JH83513	12/11/11	12/11/12	Limit		250,0
	A STATE OF THE STA	1		1000	1			1,0
Re:		ES (Attach 2. Certi	ACORD 101, Additional Remarks 5	1657.476				4

**DEPAR-2** SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. Department of Natural Resources **Shoreline District Aquatics** AUTHORIZED REPRESENTATIVE 950 Farman Avenue North Lesa Gardiner





Insurance Brokers

To: Department of Natural Resources/Shoreline District Aquatics

950 Farman Avenue N Enumclaw, WA 98022 12-402332

THIS IS TO CERTIFY THAT WE HAVE EFFECTED THE FOLLOWING INSURANCE FOR THE ACCOUNT OF: 7-J's Investments of WA., LLC dba Port Washington Marina. The Department of Natural Resources/Shoreline District Aquatics is listed on this policy as Additional Insured.

LOSS, IF ANY, PAYABLE TO: Assured and Frontier Bank

### PROPERTY COVERED LOCATED AT

1805 Thompson Drive		
Bremerton, WA 98037	LIMIT	DEDUCTIBLE
Docks/Slips Special Form/Cause of Loss		
Actual cash value loss settlement		
80% co-ins	\$ 250,000	\$1,000
Buildings/Special Form/Cause of Loss	4,404.0	
Replacement cost loss settlement		
90% co-ins	\$ 335,000	\$1,000
Business Income and Extra Expense/		
Special Form/Cause of Loss/80% co-ins	\$ 64,000	N/A
Commercial General Liability - Per		
Occurrence	\$1,000,000	N/A
Commercial General Liability - General		
Aggregate	\$2,000,000	N/A
Products/Completed Operations -		
Aggregate	\$1,000,000	N/A
Fire Damage	\$ 100,000	N/A
Medical Payments	\$ 5,000	N/A
Marina Operators Liability - per vessel	\$ 100,000	N/A
Marina Operators Liability -		
per occurrence	\$ 300,000	\$5,000

FOR THE PERIOD COMMENCING: AND ENDING: 12/11/10, Noon, Pacific Standard Time 12/11/11, Noon, Pacific Standard Time

REMARKS

Certificate Holder included as 1<sup>st</sup> mortgagee on property described above. Loan #7139401256 Annual Premium: \$6,344

SUBSCRIBING UNDERWRITERS:

The Northern Assurance Company of America

Through International Marine Underwriters

100%

Policy #: N5JH80994

GRIFFIN MACLEAN, INC.

John E. Long, Jr.

ABOVE HAS BEEN EFFECTED.

THIS DOCUMENT IS INTENDED FOR USE AS EVIDENCE THAT INSURANCE DESCRIBED

DEC 13 2010

**OLYMPIA COPY** 

DNR-SPS

RECEIVED

It is hereby mutually understood and agreed that in consideration of premiums charged; the policy is extended as follows:

In consideration of premium charged, and solely in connection with <u>contract terms</u> between the Named Assured, and entities listed below it is agreed that the following entities are added as Additional Assureds hereunder with waiver of subrogation to the extent of the Additional Assured's liability under law as a non-vessel owner and/or non-vessel operator as respects liabilities to third parties arising out of operations of scheduled vessels by the Named Assured as covered under this policy, subject always to the policy coverage, limitations and/or exclusions to which this Endorsement is attached, and subject to the following terms and conditions:

## Additional Assureds: Department of Natural Resources/Shoreline District Aquatics

- a) coverage is only provided for the term of the subject contract, but in no event beyond expiration of this policy.
- b) coverage hereunder for such Additional Assured shall be only to the extent required by the subject contract and then subject to the coverage afforded by and the exclusions and limitations of this policy and any scheduled underlying policies. Notwithstanding the subject contract, this policy does NOT guarantee the work, completion or performance of any work agreed to by the contract with such Additional Assured.
- c) If this policy is excess of any other insurance the coverage hereunder shall be no broader than that provided by such underlying insurance and will in no event, "drop-down" or respond due to exhaustion of any underlying limit or bankruptcy, insolvency or non-collectability of underlying insurance carrier.
- d) Notwithstanding any contract with the Additional Assured, this policy will not insure or defend any claim for liabilities arising out of the fault or negligence of the Additional Assured.
- e) The inclusion of Additional Assured(s) shall not increase the Limit of Liability of this policy any one accident or occurrence.
- f) In the event the contract or part thereof giving rise to coverage under this Endorsement becomes null and void, and/or is deemed unenforceable, any and all coverages provided by this Endorsement under said contractual provisions shall also become null and void.
- g) The Additional Assured mutual names & waives subrogation, against the Assured



### Endorsement Number

One

Attaching to and made part of Policy No.

N5JH80994

for the

2009-2010 Policy Term

of

The Northern Assurance Company of America

issued to

7J's Investments, LLC

In consideration of the premiums charged it is hereby noted and agreed that the following is added as additional assured as respects to the operations:

#### ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES

This endorsement modifies insurance provided under the following:

### COMMERCIAL GENERAL LIABILITY COVERAGE PART

#### **SCHEDULE**

- 1. Designation of Premises (Part Leased to You): Aquatic Lands Lease No. 22-A02332
- 2. Name of Person or Organization (Additional Insured):

Department of Natural Resources

Shoreline District Aquatics

950 Farman Ave N

Enumclaw, WA 98022

3. Additional Premium: N/A

(If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

- 1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
- Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

Authorized Representative

A Member of OneBeacon Insurance Group

ODUC	CORD. CERTIFIC			2.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1.1	SEVEN-1 D AS A MATTER OF INFO	01/28/10 DRMATION
.0.	fin MacLean, Inc. Box 3667		HOLDER. T	HIS CERTIFICATE	SHTS UPON THE CERTIF DOES NOT AMEND, EX ORDED BY THE POLICIE	TEND OR
ellevue WA 98009 Phone: 425-822-1368 Fax: 425-822-2737		INSURERS A	INSURERS AFFORDING COVERAGE			
SURE	BURED		INSURER A:	Northern As	surance Co. of	
			INSURER B:	America	THE PARTY OF THE P	
	Seven J's Investme PO Box 687	nts, LLC	INSURER C:			
	Burley WA 98322		INSURER D:			
33.000	24056	<del>-</del>	INSURER E:			+
THE P	RAGES OLICIES OF INSURANCE LISTED BELOW HAVEQUIREMENT, TERM OR CONDITION OF ANY PERTAIN, THE INSURANCE AFFORDED BY THI SES. AGGREGATE LIMITS SHOWN MAY HAVE	CONTRACT OR OTHER DOCUMENT POLICIES DESCRIBED HEREIN IS S	WITH RESPECT TO WHICH	H THIS CERTIFICATE M	AY BE ISSUED OR	
RADI	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE	POLICY EXPIRATION	LIMIT	8
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	X COMMERCIAL GENERAL LIABILITY	N5JH80994	12/11/09	12/11/10	PREMISES (Ea occurence)	s 100,000
	CLAIMS MADE X OCCUR				MED EXP (Any one person)	s 5,000
					PERSONAL & ADV INJURY	s 1,000,000
				9	GENERAL AGGREGATE	s 2,000,000
	GENL AGGREGATE LIMIT APPLIES PER:				PRODUCTS - COMP/OP AGG	\$2.000,000
	ANY AUTO				COMBINED SINGLE LIMIT (Ea accident)	S
	ALL OWNED AUTOS SCHEDULED AUTOS				BODILY INJURY (Per person)	s
	NON-OWNED AUTOS				BODILY INJURY (Per accident)	S
					PROPERTY DAMAGE (Per aucident)	S
Г	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	S
	ANY AUTO				OTHER THAN EA ACC	
-					AUTO ONLY: AGG	S
	EXCESS/UMBRELLA LIABILITY				EACH OCCURRENCE	S
П	OCCUR CLAIMS MADE				AGGREGATE	S
1	- Instrument					3
П	DEDUCTIBLE RETENTION \$					\$
-	ORKERS COMPENSATION AND				WC STATU- OTH-	3
	MPLOYERS' LIABILITY				EL EACH ACCIDENT	s
A	NY PROPRIETOR/PARTNER/EXECUTIVE FFICER/MEMBER EXCLUDED?				E.L. DISEASE - EA EMPLOYEE	-
If	yes, describe under PECIAL PROVISIONS below				E.L. DISEASE - POLICY LIMIT	s
_	THER					
BCRI	PTION OF OPERATIONS / LOCATIONS / VEHIC	CLES / EXCLUSIONS ADDED BY END	ORSEMENT / SPECIAL PRO	OVISIONS		
	22- A02332		OLYM	PIA CO	PY	
RT	IFICATE HOLDER		CANCELLAT	TON		
DEPAR-2 Department of Natural Resources 950 Farman Avenue North Shoreline District Aquatics Re Enumclaw WA 98022		DATE THEREO NOTICE TO TH IMPOSE NO DE REPRESENTAT	F, THE IBBUING INSUR E CERTIFICATE HOLDI BLIGATION OR LIABILIT ITVES.	IBED POLICIES BE CANCELLED ER WILL ENDEAVOR TO MAIL ER NAMED TO THE LEFT, BUT S TY OF ANY KIND UPON THE INS	30 DAYS WRITT	
Enumclaw WA 98022			200	basa &	CONTRO	

DNR-00018898

#### CERTIFICATE OF LIABILITY INSURANCE DATE (MM/DDMYYY) ACORD OP ID KC OLYMP64 01/21/10 PRODUCER THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE Nicholson & Associates HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. 1802 Black Lake Blvd. SW Olympia WA 98512 Phone: 360-352-8444 Fax: 360-943-9712 INSURERS AFFORDING COVERAGE NAIC # INSURER A St. Paul Fire & Marine Ins. Co INSURER B Navigators Ins Co Olympia Yacht Club OYC Junior Sailing 201 N. Simmons St Olympia WA 98501 INSURER C INSURER D INSURER E COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING

ANY REQUIREMENT. TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS INSR ADD'E DATE (MM/DD/YY) DATE (MM/DD/YY) POLICY NUMBER TYPE OF INSURANCE GENERAL LIABILITY EACH OCCURRENCE PREMISES (Ea occurence) X COMMERCIAL GENERAL LIABILITY 06/30/09 A X OL08400603 06/30/10 CLAIMS MADE X OCCUR MED EXP (Any one person) 06/30/09 06/30/10 PERSONAL & ADV INJURY 01.08400603 06/30/09 06/30/10 A Stop Gap, EBL GENERAL AGGREGATE GEN'L AGGREGATE LIMIT APPLIES PER PRODUCTS - COMP/OP AGG

\$2,000,000 PRO-JECT POLICY AUTOMOBILE LIABILITY COMBINED SINGLE LIMIT (Ea accident) ANY AUTO ALL OWNED ALTOS BODILY INJURY SCHEDULED AUTOS HIRED AUTOS BODILY INJURY (Per accident) NON-OWNED AUTOS PROPERTY DAMAGE (Per accident) GARAGE LIABILITY AUTO ONLY - EA ACCIDENT ANY AUTO EA ACC OTHER THAN EXCESS/UMBRELLA LIABILITY EACH OCCURRENCE \$4,000,000 B X OCCUR CLAIMS MADE SE09LTA912681 06/30/09 06/30/10 AGGREGATE \$4,000,000 DEDUCTIBLE X RETENTION \$10,000

If yes, describe under SPECIAL PROVISIONS below EL DISEASE - POLICY LIMIT \$

OTHER

A Marina Ops Liab OL08400603 06/30/09 06/30/10 Limit 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

RE: Aquatic Lands Lease No. 22-A02392 & 20-079375.

Washington State Department of Natural Resources is hereby named as additional insured, as their interest may appear.

OLYMPIA COPY

TORY LIMITS

E L EACH ACCIDENT

E L DISEASE - EA EMPLOYEE

ER

5

CER	TIFICAT	EHOL	DER

WORKERS COMPENSATION AND EMPLOYERS' LIABILITY

ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?

### CANCELLATION

DEPTNR1

Dept of Natural Resources Shorline Dist Aquatice Region 950 Farman Ave N Enumclaw WA 98022-9282 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 45 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZECTREPRESENTATIVE

ACORD 25 (2001/08)

@ ACORD CORPORATION 1988

\$1,000,000

\$2,000,000

50,000

\$ 5,000 \$1,000,000

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Enumclaw, WA 98022 REPRESENTATIVES.	
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ACORD 25 (2001/08)

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ACORD 25 (2001/08)

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### **IMPORTANT**

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

### DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

TIME & S. MAIL



### SAVINGS ACCOUNT ASSIGNMENT FORM

Date April 7, 2005

Department of Natural Resources Aquatic Resources Division 111 Washington St SE PO Box 47027 Olympia WA 98504-7027

SUBJECT:

Aquatic Lands Lease Application No. 22 - ADZ332

To secure the performance of the obligations of Tenant pursuant to the lease described above, the undersigned (jointly and severally) hereby assigns, transfers, and sets over to the State of Washington ("State"), the savings account identified below:

Savings Account Number:

Redacted

Amount of Funds Assigned (Numeric/Spell-out): \$ 25,600.00

dollars 4 Thousand

and all claims, rights, options, privileges, title and interest therein.

The above described account is maintained in or were issued by Frontier Bank

The undersigned irrevocably authorizes and empowers State at any time in its own name to demand, apply for withdrawal, receive moneys assigned, and to exercise any and all rights and privileges and receive all benefits accorded by the savings account, with the exception of earned interest which shall remain the property of assignor. Financial Institution is specifically authorized and directed, on demand of State, to pay all moneys assigned in the savings account direct to State.

The undersigned represents and warrants that the above described savings account is owned solely by the undersigned and is free and clear of all liens and encumbrances and that the undersigned has full power, right and authority to execute and deliver this assignment.

"Any penalty suffered which results from a demand for payment by state from the bank shall be assessed against the Assignor."

If the savings account is represented by a passbook, or other document evidencing ownership, such document has been delivered and is assigned and pledged to State.

State shall release its interest in the account at the earlier of either termination of the lease or replacement of this security with another form of security acceptable to the State.

The undersigned acknowledges that the above agreement was complete, with all blanks filled in, prior to execution of this agreement.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

ASSIGNOR ASSIGNOR: STATE OF WASHIN COUNTY OF Kitsa

I certify that I know or have satisfactory evidence that Steven Johnson is the person who appeared before me, and said person acknowledged that (he/she, they) signed this instrument and acknowledged it to be (his/her, their) free and voluntary act for the uses and purposes mentioned in the instrument.

Dated: 4.7-05

(Seal or Stamp)

My appointment expires

www.frontierbank.com



### HOLD NOTIFICATION

NAME Seven Js Investments DBA Por	t Washington Marina		DATE 04/07/05
ADDRESS	t manington marina		CHOROS
PO Box 687	1100		1
CITY		ATE	ZIP
Burley	W.	A	98322
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M-179 Rev 10/03

Original: Branch Retention: 2 Years

Copy: Customer



# CONFIRMATION OF SILVER CERTIFICATE TIME DEPOSIT

ACCOUNT TITLE Seven Js Investments	DBA Port Washington	Marina		04/07/05
ADDRESS				-
PO Box 687				
CITY		STATE	ZIP CODE	
Burley		WA	98322	
ACCOUNT NUMBER		BRANCH		
Redacted		Silverdale 1713		
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Steven Johnson
PO Box 687
Burley, WA
98322



SEHEN 129 INDESTMENTS

200503300178 Page: 1 of 35 03/30/2005 12:06P LEASE \$53.00 Kitsap Co. WA

Tenant: Seven I's Investments himstel Partnership

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### AQUATIC LANDS COMMERCIAL LEASE

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EXHIBIT A: LEGAL DESCRIPTION AND SURVEY

EXHIBIT B: PLAN OF OPERATIONS AND MAINTENANCE



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SEVEN J'S INVESTMENTS

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# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

## AQUATIC LANDS LEASE (Commercial)

#### AQUATIC LANDS LEASE NO. 22-A02332

THIS LEASE is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and SEVEN J'S INVESTMENT LIMITED PARTNERSHIP, a partnership ("Tenant").

#### BACKGROUND

Tenant desires to lease the aquatic lands commonly known as Port Washington Narrows, which is a harbor area located in Kitsap County, Washington, from State, and State desires to lease the property to Tenant pursuant to the terms and conditions of this Lease.

THEREFORE, the parties agree as follows:

#### SECTION 1 PROPERTY

- 1.1 Property Defined. State leases to Tenant and Tenant leases from State the real property described in Exhibit A together with all the rights of State, if any, to improvements on and easements benefiting the Property, but subject to the exceptions and restrictions set forth in this Lease (collectively the "Property"). This Lease is subject to all valid interests of third parties noted in the records of Kitsap County, or on file in the office of the Commissioner of Public Lands, Olympia, Washington; rights of the public under the Public Trust Doctrine or federal navigation servitude; and treaty rights of Indian Tribes. Not included in this Lease are any right to harvest, collect or damage any natural resource, including aquatic life or living plants, any water rights, or any mineral rights, including any right to excavate or withdraw sand, gravel, or other valuable materials. State reserves the right to grant easements and other land uses on the Property to others when the easement or other land uses will not unreasonably interfere with Tenant's Permitted Use.
- 1.2 Survey, Maps, and Plans. In executing this Lease, State is relying on the surveys, plats, diagrams, and/or legal descriptions provided by Tenant. Tenant is not relying upon and State is not making any representations about any survey, plat, diagram, and/or legal description provided by State.
- 1.3 Inspection. State makes no representation regarding the condition of the Property, improvements located on the Property, the suitability of the Property for Tenant's Permitted Use, compliance with governmental laws and regulations, availability of utility rights, access to the Property or the existence of hazardous substances on the Property. Tenant has inspected the Property and accepts it "AS IS."

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#### SECTION 2 USE

- 2.1 **Permitted Use.** Tenant shall use the Property for recreational and commercial vessel moorage and a marine pump out facility (the "Permitted Use"), and for no other purpose. The Permitted Use is described or shown in greater detail in Exhibit B, the terms and conditions of which are incorporated by reference and made a part of this Lease. The parties agree that this is a mixed use, with 174,000 square feet of water-dependent use and 2,831 square feet of nonwaterdependent use.
- 2.2 Restrictions on Use. Tenant shall not cause or permit any damage to natural resources on the Property. Tenant shall also not cause or permit any filling activity to occur on the Property. This prohibition includes any deposit of rock, earth, ballast, refuse, garbage, waste matter (including chemical, biological or toxic wastes), hydrocarbons, any other pollutants, or other matter in or on the Property, except as approved in writing by State. Tenant shall neither commit nor allow waste to be committed to or on the Property. If Tenant fails to comply with all or any of the restrictions on the use of the Property set out in this Subsection 2.2, State shall notify Tenant and provide Tenant a reasonable time to take all steps necessary to remedy the failure. If Tenant fails to do so in a timely manner, then State may take any steps reasonably necessary to remedy this failure. Upon demand by State, Tenant shall pay all costs of such remedial action, including but not limited to the costs of removing and disposing of any material deposited improperly on the Property. This section shall not in any way limit Tenant's liability under Section 8, below.
- 2.3 Conformance with Laws. Tenant shall, at all times, keep current and comply with all conditions and terms of any permits, licenses, certificates, regulations, ordinances, statutes, and other government rules and regulations regarding its use or occupancy of the Property.
- 2.4 **Liens and Encumbrances.** Tenant shall keep the Property free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Property.

#### **SECTION 3 TERM**

- 3.1 Term Defined. The term of this Lease is thirty (30) years (the "Term"), beginning on the 1st day of November, 2004 (the "Commencement Date"), and ending on the 31st day of October. 2034 (the "Termination Date"), unless terminated sooner under the terms of this Lease.
- 3.2 Renewal of the Lease. Tenant shall have the option to renew this Lease for zero (0) additional terms of N/A years each. The initial Term of this Lease, and all renewal terms, shall not exceed Thirty (30) years in the aggregate. Tenant shall exercise this option by providing written notice of its election to renew at least ninety (90) days prior to the Termination Date of the initial Term or any renewal term of this Lease. Tenant shall not be entitled to renew if it is in default under the terms of this Lease at the time the option to renew is exercised. The terms and conditions of any renewal term shall be the same as set forth in this Lease, except that rent shall be recalculated, the required amounts of financial security may be revised, and provisions dealing with hazardous waste or impacts to natural resources may be changed at the time of the renewal.

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- 3.3 Delay in Delivery of Possession. If State, for any reason whatsoever, cannot deliver possession of the Property to Tenant on the Commencement Date, this Lease shall not be void or voidable, nor shall State be liable to Tenant for any loss or damage resulting from the delay in delivery of possession. In such event, the date of delivery of possession shall be the Commencement Date for all purposes, including the payment of rent. In the event Tenant takes possession before the Commencement Date, the date of possession shall be the Commencement Date for all purposes, including the payment of rent. If the Lease Term commences earlier or later than the scheduled Commencement Date, the Termination Date shall be adjusted accordingly.
- 3.4 End of Term. Upon the expiration or termination of the Term or extended term, as applicable, Tenant shall surrender the Property to State in the same or better condition as on the Commencement Date, reasonable wear and tear excepted.
- 3.5 Hold Over. If Tenant remains in possession of the Property after the Termination Date, the occupancy shall not be an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be terminated by either party on thirty (30) days written notice. The monthly rent during the holdover shall be the same rent which would be due if the Lease were still in effect and all adjustments in rent were made in accordance with its terms. If State provides a notice to vacate the Property in anticipation of the termination of this Lease or at any time after the Termination Date and Tenant fails to do so within the time set forth in the notice, then Tenant shall be a trespasser and shall owe the State all amounts due under RCW 79.01.760 or other applicable law.

#### SECTION 4 RENT

- 4.1 Annual Rent. Until adjusted as set forth below, Tenant shall pay to State an annual rent, consisting of One Thousand One Hundred Ninety Two Dollars and Forty Seven Cents (\$1,192.47) related to the water-dependent use, and Seven Hundred Sixteen Dollars and Thirty Cents (\$716.30) related to the non water-dependent use. The annual rent, as it currently exists or as adjusted or modified (the "Annual Rent"), shall be due and payable in full on or before the Commencement Date, and on or before the same date of each year thereafter.
- **4.2 Payment Place.** Payment is to be made to Financial Management Division, 1111 Washington St SE, PO Box 47041, Olympia, WA 98504-7041.
- 4.3 Adjustment Based on Use. Annual Rent is based on Tenant's Permitted Use of the Property, as described in Section 2 above. If Tenant's Permitted Use changes, the Annual Rent shall be adjusted as appropriate for the changed use.

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#### 4.4 Rent Adjustments for Water-Dependent Uses.

- (a) Inflation Adjustment. State shall adjust water-dependent rent annually pursuant to RCW 79.90.450 -902, except in those years in which the rent is revalued under Subsection 4.4(b) below. This adjustment shall be effective on the anniversary of the Commencement Date.
- (b) Revaluation of Rent. State shall, at the end of the first four-year period of the Term, and at the end of each subsequent four-year period, revalue the water-dependent Annual Rent in accordance with RCW 79.90.450-.902.
- (c) Rent Cap. After the initial year's rent is determined under Subsection 4.1, rent may increase by operation of Subsection 4.4(a) or 4.4(b). If application of the statutory rent formula for water-dependent uses would result in an increase in the rent attributable to such uses of more than fifty percent (50%) in any one year, the actual increase implemented in such year shall be limited to fifty percent (50%) of the then-existing rent, in accordance with RCW 79.90.490. The balance of the increase determined by the formula shall be deferred to subsequent years and added to the next and subsequent years' rental increases until the full amount of the increase is lawfully implemented.

#### 4.5 Rent Adjustments for Nonwater-Dependent Uses.

- (a) Inflation Adjustment. Except in those years in which the rent is revalued under Subsection 4.5 (b), below, State shall adjust the nonwater-dependent rent annually on the anniversary of the Commencement Date by an amount equal to the percentage increase in the most recently published Consumer Price Index, All Urban Consumers, for the Seattle-Everett SMSA, over the Consumer Price Index for the preceding anniversary of the Commencement Date. All items 1982-84 = 100, as published by the US Department of Labor, Bureau of Labor Statistics. If publication of the Consumer Price Index is discontinued, a reliable governmental or other nonpartisan publication evaluating the information used in determining the Consumer Price Index shall be used.
- (b) Revaluation of Rent. State shall, at the end of the first four-year period of the Term, and at the end of each subsequent four-year period, revalue the nonwater-dependent Annual Rent to reflect the then-current fair market rent. In the event that agreement cannot be reached between State and Tenant on the fair market rental value, the valuation shall be submitted to a review board of appraisers. The board shall consist of three members, one selected by and at the cost of Tenant; a second member selected by and at the cost of State; and a third member selected by the other two members with the cost shared equally by State and Tenant. The decision of the majority of the board shall be binding on both parties. Until the new rent is established by agreement or by the review board, Tenant shall pay rent in the same amount established for the preceding year. If additional rent is

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required as a result of this review, Tenant shall pay the additional rent within ten (10) days of the board's decision. If a refund is required as a result of this review. State shall pay the refund within ten (10) days of the board's decision.

#### 4.6 Rent Adjustment Procedures.

- (a) Notice of Rent Adjustment.

  Notice of any adjustments to the Annual Rent that are allowed by Subsection 4.4

  (b) and 4.5 (b) shall be provided to Tenant in writing no later than ninety (90) days after the anniversary date of the Lease.
- (b) Procedures on Failure to make Timely Adjustment.

  In the event the State fails to provide the notice required in Subsection 4.6(a), it shall be prohibited from collecting any adjustments to rent only for the year in which it failed to provide notice. No failure by State to adjust Annual Rent pursuant to Subsection 4.6(a) shall affect the State's right to establish Annual Rent for a subsequent lease year as if the missed or waived adjustment had been implemented. The State may adjust, bill, and collect Annual Rent prospectively as if any missed or waived adjustments had actually been implemented. This includes the implementation of any inflation adjustment and any rent revaluations that would have been authorized for previous lease years.

#### SECTION 5 OTHER EXPENSES

During the Term, Tenant shall pay the following additional expenses:

- 5.1 Utilities. Tenant shall pay all fees charged for utilities in connection with the use and occupancy of the Property, including but not limited to electricity, water, gas, and telephone service.
- **Taxes and Assessments.** Tenant shall pay all taxes (including leasehold excise taxes), assessments, and other governmental charges, of any kind whatsoever, applicable or attributable to the Property, Tenant's leasehold interest, the improvements, or Tenant's use and enjoyment of the Property.
- 5.3 Right to Contest. Tenant may, in good faith, contest any tax or assessment at its sole cost and expense. At the request of State, Tenant shall furnish reasonable protection in the form of a bond or other security, satisfactory to State, against any loss or liability by reason of such contest.
- 5.4 Proof of Payment. Tenant shall, if required by State, furnish to State receipts or other appropriate evidence establishing the payment of any amounts required to be paid under the terms of this Lease.
- 5.5 Failure to Pay. If Tenant fails to pay any of the amounts due under this Lease, State may pay the amount due, and recover its cost in accordance with the provisions of Section 6.

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#### SECTION 6 LATE PAYMENTS AND OTHER CHARGES

- Late Charge. If any rental payment is not received by State within ten (10) days of the date due, Tenant shall pay to State a late charge equal to four percent (4%) of the amount of the payment or Fifty Dollars (\$50), whichever is greater, to defray the overhead expenses of State incident to the delay.
- 6.2 Interest Penalty for Past Due Rent and Other Sums Owed. If rent is not paid within thirty (30) days of the date due, then Tenant shall, in addition to paying the late charges determined under Subsection 6.1, above, pay interest on the amount outstanding at the rate of one percent (1%) per month until paid. If State pays or advances any amounts for or on behalf of Tenant, including but not limited to leasehold taxes, taxes, assessments, insurance premiums, costs of removal and disposal of unauthorized materials pursuant to Section 2 above, costs of removal and disposal of improvements pursuant to Section 7 below, or other amounts not paid when due, Tenant shall reimburse State for the amount paid or advanced and shall pay interest on that amount at the rate of one percent (1%) per month from the date State notifies Tenant of the payment or advance.
- 6.3 No Accord and Satisfaction. If Tenant pays, or State otherwise receives, an amount less than the full amount then due, State may apply such payment as it elects. In the absence of an election, the payment or receipt shall be applied first to accrued taxes which State has advanced or may be obligated to pay, then to other amounts advanced by State, then to late charges and accrued interest, and then to the earliest rent due. State may accept any payment in any amount without prejudice to State's right to recover the balance of the rent or pursue any other right or remedy. No endorsement or statement on any check, any payment, or any letter accompanying any check or payment shall constitute or be construed as accord and satisfaction.
- 6.4 No Counterclaim, Setoff, or Abatement of Rent. Except as expressly set forth elsewhere in this Lease, rent and all other sums payable by Tenant pursuant to this Lease shall be paid without the requirement that State provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement.

#### SECTION 7 IMPROVEMENTS

- 7.1 Existing Improvements. On the Commencement Date, the following improvements are located on the Property: sixty three (63) pilings, a bulkhead and filled retaining wall, and two buildings ("Existing Improvements"). The above improvements are not owned by State. Also located on the property is a bulkhead and abutting filled parking area ("State-Owned Improvements"). The bulkhead abutting the filled parking area, and the filled parking area are owned by State.
- 7.2 Tenant-Owned Improvements. So long as this Lease remains in effect, Tenant shall retain ownership of all Existing Improvements, and all authorized improvements and trade fixtures it may place on the Property (collectively "Tenant-Owned Improvements"). Tenant-Owned Improvements shall not include any construction, reconstruction, alteration, or addition

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to any Unauthorized Improvements as defined in Subsection 7.5 below. No Tenant-Owned Improvements shall be placed on the Property without State's prior written consent.

- 7.3 Construction. Prior to any construction, alteration, replacement, removal or major repair of any improvements (whether State-Owned or Tenant-Owned), Tenant shall submit to State plans and specifications which describe the proposed activity. Construction shall not commence until State has approved those plans and specifications in writing and Tenant has obtained a performance and payment bond in an amount equal to 125% of the estimated cost of construction. The performance and payment bond shall be maintained until the costs of construction, including all laborers and material persons, have been paid in full. State shall have sixty (60) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for State's written consent shall be treated as waived, unless State notifies Tenant otherwise within the sixty (60) days. Upon completion of construction, Tenant shall promptly provide State with as-built plans and specifications. State's consent and approval shall not be required for any routine maintenance or repair of improvements made by the Tenant pursuant to its obligation to maintain the Property in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Property.
- Removal. Tenant-Owned Improvements shall be removed by Tenant by the Termination Date unless State notifies Tenant that the Tenant-Owned Improvements may remain. If the State elects for the Tenant-Owned Improvements to remain on the Property after the Termination Date, they shall become the property of State without payment by State (if the provisions of RCW 79.94.320 or RCW 79.95.040 apply, Tenant shall be entitled to the rights provided in the statute). To the extent that Tenant-Owned Improvements include items of personal property which may be removed from the leasehold premises without harming the Property, or diminishing the value of the Property or the improvements, the State asserts no ownership interest in these improvements unless the parties agree otherwise in writing upon termination of this Lease. Any Tenant-Owned Improvements specifically identified as personal property in Exhibit A or B shall be treated in accordance with this provision. Tenant shall notify State at least one hundred eighty (180) days before the Termination Date if it intends to leave the Tenant-Owned Improvements on the Property. State shall then have ninety (90) days in which to notify Tenant that it wishes to have the Tenant-Owned Improvements removed or elects to have them remain. Failure to notify Tenant shall be deemed an election by State that the Tenant-Owned Improvements will remain on the Property. If the Tenant-Owned Improvements remain on the Property after the Termination Date without State's actual or deemed consent, they still will become the property of the State but the State may remove them and Tenant shall pay the costs of removal and disposal upon State's demand.
- 7.5 Unauthorized Improvements. Improvements made on the Property without State's prior consent pursuant to Subsection 7.3 or which are not in conformance with the plans submitted to and approved by State ("Unauthorized Improvements") shall immediately become the property of State, unless State elects otherwise. Regardless of ownership of Unauthorized Improvements, State may, at its option, require Tenant to sever, remove, and dispose of them,

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charge Tenant rent for the use of them, or both. If Tenant fails to remove an Unauthorized Improvement upon request, State may remove it and charge Tenant for the cost of removal and disposal.

#### SECTION 8 ENVIRONMENTAL LIABILITY/RISK ALLOCATION

- 8.1 **Definition.** "Hazardous Substance" means any substance which now or in the future becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601 *et seq.*, and Washington's Model Toxics Control Act ("MTCA"), RCW 70.105D.010 *et seq.*
- 8.2 Use of Hazardous Substances. Tenant covenants and agrees that Hazardous Substances will not be used, stored, generated, processed, transported, handled, released, or disposed of in, on, under, or above the Property, except in accordance with all applicable laws.
- 8.3 Current Conditions, Duty of Utmost Care, and Duty to Investigate.
  - (a) State makes no representation about the condition of the Property. Hazardous Substances may exist in, on, under, or above the Property. With regard to any Hazardous Substances that may exist in, on, under, or above the Property, State disclaims any and all responsibility to conduct investigations, to review any State records, documents or files, or to obtain or supply any information to Tenant.
  - (b) Tenant shall exercise the utmost care with respect to both Hazardous Substances in, on, under, or above the Property as of the Commencement Date, and any Hazardous Substances that come to be located in, on, under, or above the Property during the Term of this agreement, along with the foreseeable acts or omissions of third parties affecting those Hazardous Substances, and the foreseeable consequences of those acts or omissions. The obligation to exercise utmost care under this Subsection 8.3 includes, but is not limited to, the following requirements:
    - (1) Tenant shall not undertake activities that will cause, contribute to, or exacerbate contamination of the Property;
    - (2) Tenant shall not undertake activities that damage or interfere with the operation of remedial or restoration activities on the Property or undertake activities that result in human or environmental exposure to contaminated sediments on the Property;
    - (3) Tenant shall not undertake any activities that result in the mechanical or chemical disturbance of on-site habitat mitigation;

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- (4) If requested, Tenant shall allow reasonable access to the Property by employees and authorized agents of the Environmental Protection Agency, the Washington State Department of Ecology, or other similar environmental agencies; and
- (5) If requested, Tenant shall allow reasonable access to potentially liable or responsible parties who are the subject of an order or consent decree which requires access to the Property. Tenant's obligation to provide access to potentially liable or responsible parties may be conditioned upon the negotiation of an access agreement with such parties, provided that such agreement shall not be unreasonably withheld.
- It shall be Tenant's obligation to gather sufficient information concerning the Property and the existence, scope, and location of any Hazardous Substances on the Property, or adjoining the Property, that allows Tenant to effectively meet its obligations under this lease.

#### 8.4 Notification and Reporting.

- (a) Tenant shall immediately notify State if Tenant becomes aware of any of the following:
  - (1) A release or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;
  - (2) Any problem or liability related to, or derived from, the presence of any Hazardous Substance in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;
  - (3) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances with respect to the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;
  - (4) Any lien or action with respect to any of the foregoing; or,
  - (5) Any notification from the US Environmental Protection Agency (EPA) or the Washington State Department of Ecology (DOE) that remediation or removal of Hazardous Substances is or may be required at the Property.
- (b) Upon request, Tenant shall provide State with copies of any and all reports, studies, or audits which pertain to environmental issues or concerns associated with the Property, and which were prepared for Tenant and submitted to any federal, state or

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local authorities pursuant to any federal, state or local permit, license or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System Permit, any Army Corps of Engineers permit, any State Hydraulics permit, any State Water Quality certification, or any Substantial Development permit.

#### 8.5 Indemnification.

- (a) Tenant shall fully indemnify, defend, and hold State harmless from and against any and all claims, demands, damages, natural resource damages, response costs, remedial costs, cleanup costs, losses, liens, liabilities, penalties, fines, lawsuits, other proceedings, costs, and expenses (including attorneys' fees and disbursements), that arise out of, or are in any way related to:
  - (1) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance by Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property;
  - (2) The release or threatened release of any Hazardous Substance, or the exacerbation of any Hazardous Substance contamination, in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, which release, threatened release, or exacerbation occurs or occurred during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property, and as a result of:
    - (i) Any act or omission of Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates; or,
    - (ii) Any foreseeable act or omission of a third party unless Tenant exercised the utmost care with respect to the foreseeable acts or omissions of the third party and the foreseeable consequences of those acts or omissions.
- (b) In addition to the indemnifications provided in Subsection 8.5(a), Tenant shall fully indemnify State for any and all damages, liabilities, costs or expenses (including attorneys' fees and disbursements) that arise out of or are in any way related to Tenant's breach of the obligations of Subsection 8.3(b). This obligation is not intended to duplicate the indemnity provided in Subsection 8.5(a) and applies only to damages, liabilities, costs, or expenses that are associated with a breach of Subsection 8.3(b) and which are not characterized as a release, threatened release, or exacerbation of Hazardous Substances.

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8.6 Cleanup. If a release of Hazardous Substances occurs in, on, under, or above the Property, or other State-owned property, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall, at its sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances. Cleanup actions shall include. without limitation, removal, containment and remedial actions and shall be performed in accordance with all applicable laws, rules, ordinances, and permits. Tenant's obligation to undertake a cleanup under this Subsection 8.6 shall be limited to those instances where the Hazardous Substances exist in amounts that exceed the threshold limits of any applicable regulatory cleanup standards. Tenant shall also be solely responsible for all cleanup, administrative, and enforcement costs of governmental agencies, including natural resource damage claims, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above. Tenant may undertake a cleanup pursuant to the Washington State Department of Ecology's Voluntary Cleanup Program, provided that: (1) Any cleanup plans shall be submitted to State (DNR) for review and comment at least thirty (30) days prior to implementation (except in emergency situations), and (2) Tenant must not be in breach of this lease. Nothing in the operation of this provision shall be construed as an agreement by State that the voluntary cleanup complies with any laws or with the provisions of this Lease.

#### 8.7 Sampling by State, Reimbursement, and Split Samples.

- (a) State may conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Property at any time to determine the existence, scope, or effects of Hazardous Substances on the Property, any adjoining property, any other property subject to use by Tenant in conjunction with its use of the Property, or any natural resources. If such Tests, along with any other information, demonstrates the existence, release, or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall promptly reimburse State for all costs associated with such Tests.
- (b) State's ability to seek reimbursement for any Tests under this Subsection shall be conditioned upon State providing Tenant written notice of its intent to conduct any Tests at least thirty (30) calendar days prior to undertaking such Tests, unless such Tests are performed in response to an emergency situation in which case State shall only be required to give such notice as is reasonably practical.
- Tenant shall be entitled to obtain split samples of any Test samples obtained by (c) State, but only if Tenant provides State with written notice requesting such samples within twenty (20) calendar days of the date Tenant is deemed to have received notice of State's intent to conduct any non-emergency Tests. The additional cost, if any, of split samples shall be borne solely by Tenant. Any additional costs State incurs by virtue of Tenant's split sampling shall be reimbursed to State within thirty (30) calendar days after a bill with documentation for such costs is sent to Tenant.

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SEVEN U'S INVESTMENTS

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Within thirty (30) calendar days of a written request (unless otherwise required pursuant to Subsection 8.4(b), above), either party to this Lease shall provide the other party with validated final data, quality assurance/quality control information, and chain of custody information, associated with any Tests of the Property performed by or on behalf of State or Tenant. There is no obligation to provide any analytical summaries or expert opinion work product.

8.8 Reservation of Rights. The parties have agreed to allocate certain environmental risks. liabilities, and responsibilities by the terms of Section 8. With respect to those environmental liabilities covered by the indemnification provisions of Subsection 8.5, that subsection shall exclusively govern the allocation of those liabilities. With respect to any environmental risks, liabilities, or responsibilities not covered by Subsection 8.5, the parties expressly reserve and do not waive or relinquish any rights, claims, immunities, causes of action, or defenses relating to the presence, release, or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, that either party may have against the other under federal, state, or local laws, including but not limited to, CERCLA, MTCA, and the common law. No right. claim, immunity, or defense either party may have against third parties is affected by this Lease and the parties expressly reserve all such rights, claims, immunities, and defenses. The allocations of risks, liabilities, and responsibilities set forth above do not release either party from, or affect either party's liability for, claims or actions by federal, state, or local regulatory agencies concerning Hazardous Substances.

#### SECTION 9 ASSIGNMENT AND SUBLETTING

- 9.1 State Consent Required. Tenant shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Property without State's prior written consent, which shall not be unreasonably conditioned or withheld.
  - (a) In determining whether to consent, State may consider, among other items, the proposed transferee's financial condition, business reputation and experience, the nature of the proposed transferee's business, the then-current value of the Property, and such other factors as may reasonably bear upon the suitability of the transferee as a tenant of the Property. Tenant shall submit information regarding any proposed transferee to State at least thirty (30) days prior to the date of the proposed transfer.
  - (b) State reserves the right to condition its consent upon: (1) changes in the terms and conditions of this Lease, including the Annual Rent and other terms; and/or (2) the agreement of Tenant or transferee to conduct Tests for Hazardous Substances on the Property or on other property owned or occupied by Tenant or the transferee.
  - (c) Each permitted transferee shall assume all obligations under this Lease, including the payment of rent. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of Tenant.

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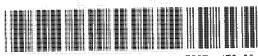
\$03.00 Kiesap co/ Mil

- 9.2 Event of Assignment. If Tenant is a corporation, a dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant shall be deemed to be an assignment of this Lease. If Tenant is a partnership, a dissolution of the partnership or a transfer (by one or more transactions) of the controlling interest in Tenant shall be deemed an assignment of this Lease.
- 9.3 Rent Payments Following Assignment. The acceptance by State of the payment of rent following an assignment or other transfer shall not constitute consent to any assignment or transfer.
- 9.4 Terms of Subleases. All subleases shall be submitted to State for approval and shall meet the following requirements:
  - (a) The sublease shall be consistent with and subject to all the terms and conditions of this Lease;
  - (b) The sublease shall confirm that if the terms of the sublease conflict with the terms of this Lease, this Lease shall control;
  - (c) The term of the sublease (including any period of time covered by a renewal option) shall end before the Termination Date of the initial Term or any renewal term;
  - (d) The sublease shall terminate if this Lease terminates, whether upon expiration of the Term, failure to exercise an option to renew, cancellation by State, surrender or for any other reason;
  - (e) The subtenant shall receive and acknowledge receipt of a copy of this Lease;
  - (f) The sublease shall prohibit the prepayment to Tenant by the subtenant of more than one month's rent:
  - (g) The sublease shall identify the rental amount to be paid to Tenant by the subtenant;
  - (h) The sublease shall confirm that there is no privity of contract between the subtenant and State;
  - (i) The sublease shall require removal of the subtenant's improvements and trade fixtures upon termination of the sublease; and,
  - (j) The subtenant's permitted use shall be within the Permitted Use authorized by this Lease.

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9.5 Routine Subleasing of Moorage Slips. In the case of routine subleasing of moorage slips to recreational and commercial vessel owners for a term of one year or less, Tenant shall not be required to obtain State's written consent or approval pursuant to Subsection 9.1 or Subsection 9.4. Tenant shall be obligated to ensure that these moorage agreements conform to the sublease requirements in Subsection 9.4.

#### SECTION 10 INDEMNITY, FINANCIAL SECURITY, INSURANCE

10.1 Indemnity. Tenant shall indemnify, defend, and hold harmless State, its employees, officers, and agents from any and all liability, damages (including bodily injury, personal injury and damages to land, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs, fees (including attorneys' fees), penalties, or judgments, of any nature whatsoever, arising out of the use, occupation, or control of the Property by Tenant, its subtenants, invitees, agents, employees, licensees, or permittees, except as may arise solely out of the willful or negligent act of State or State's elected officials, employees, or agents. To the extent that RCW 4.24.115 applies, Tenant shall not be required to indemnify, defend, and hold State harmless from State's sole or concurrent negligence. Tenant's liability to State for hazardous substances, and its obligation to indemnify, defend, and hold the State harmless for hazardous substances, shall be governed exclusively by Section 8.

#### 10.2 Financial Security.

- (a) At its own expense, Tenant shall procure and maintain a corporate surety bond or provide other financial security satisfactory to State (the "Bond") in an amount equal to Twenty Five Thousand Dollars (\$25,000), which shall secure Tenant's full performance of its obligations under this Lease, with the exception of the obligations under Section 8 (Environmental Liability/Risk Allocation) above. The Bond shall be in a form and issued by a surety company acceptable to State. State may require an adjustment in the amount of the Bond:
  - (1) At the same time as revaluation of the Annual Rent;
  - (2) As a condition of approval of assignment or sublease of this Lease;
  - (3) Upon a material change in the condition of any improvements; or,
  - (4) Upon a change in the Permitted Use.

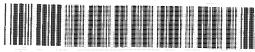
A new or modified Bond shall be delivered to State within thirty (30) days after adjustment of the amount of the Bond has been required by State.

(b) Upon any default by Tenant in its obligations under this Lease, State may collect on the Bond to offset the liability of Tenant to State. Collection on the Bond shall not relieve Tenant of liability, shall not limit any of State's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

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- 10.3 Insurance. At its own expense, Tenant shall procure and maintain during the Term of this Lease, the insurance coverages and limits described in Subsections 10.3(a) and (b) below. This insurance shall be issued by an insurance company or companies admitted and licensed by the Insurance Commissioner to do business in the State of Washington. Insurers must have a rating of B+ or better by "Best's Insurance Reports," or a comparable rating by another rating company acceptable to State. If non-admitted or non-rated carriers are used, the policies must comply with Chapter 48.15 RCW.
  - (a) Types of Required Insurance.
    - (1) Commercial General Liability Insurance. Tenant shall procure and maintain Commercial General Liability insurance and, if applicable, Marina Operators Legal Liability insurance covering claims for bodily injury, personal injury, or property damage arising on the Property and/or arising out of Tenant's operations. If necessary, commercial umbrella insurance covering claims for these risks shall be procured and maintained. Insurance must include liability coverage with limits not less than those specified below:

Description

Each Occurrence

\$1,000,000

General Aggregate Limit

\$2,000,000

State may impose changes in the limits of liability:

- (i) As a condition of approval of assignment or sublease of this Lease;
- (ii) Upon any breach of Section 8, above;
- (iii) Upon a material change in the condition of the Property or any improvements; or,
- (iv) Upon a change in the Permitted Use.

New or modified insurance coverage shall be in place within thirty (30) days after changes in the limits of liability are required by State.

- (2) Property Insurance. Tenant shall procure and maintain property insurance covering all real property located on or constituting a part of the Property in an amount equal to the replacement value of all improvements on the Property. Such insurance may have commercially reasonable deductibles.
- (3) Worker's Compensation/Employer's Liability Insurance. Tenant shall procure and maintain:

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(i) State of Washington Worker's Compensation coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements;

Employers Liability or "Stop Gap" insurance coverage with limits not less than those specified below. Insurance must include bodily injury coverage with limits not less than those specified below:

Each Employee		Policy Limit
By Accident	By Disease	By Disease
\$1,000,000	\$1,000,000	\$1,000,000

Longshore and Harbor Worker's Act and Jones Act coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements.

- (4)Builder's Risk Insurance. As applicable, Tenant shall procure and maintain builder's risk insurance in an amount reasonably satisfactory to State during construction, replacement, or material alteration of the Property or improvements on the Property. Coverage shall be in place until such work is completed and evidence of completion is provided to State.
- (5)Business Auto Policy Insurance. As applicable, Tenant shall procure and maintain a business auto policy. The insurance must include liability coverage with limits not less than those specified below:

<u>Description</u>	Each Accident
Bodily Injury and Property Damage	\$1,000,000

- (b) Terms of Insurance. The policies required under Subsection 10.3 shall name the State of Washington, Department of Natural Resources as an additional insured (except for State of Washington Worker's Compensation coverage, and Federal Jones' Act and Longshore and Harbor Worker's Act coverages). Furthermore, all policies of insurance described in Subsection 10.3 shall meet the following requirements:
  - (1)Policies shall be written as primary policies not contributing with and not in excess of coverage that State may carry;
  - (2)Policies shall expressly provide that such insurance may not be canceled or nonrenewed with respect to State except upon forty-five (45) days prior written notice from the insurance company to State;

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- (3) To the extent of State's insurable interest, property coverage shall expressly provide that all proceeds shall be paid jointly to State and Tenant:
- (4) All liability policies must provide coverage on an occurrence basis; and
- (5) Liability policies shall not include exclusions for cross liability.
- (c) Proof of Insurance. Tenant shall furnish evidence of insurance in the form of a Certificate of Insurance satisfactory to the State accompanied by a checklist of coverages provided by State, executed by a duly authorized representative of each insurer showing compliance with the insurance requirements described in section 10, and, if requested, copies of policies to State. The Certificate of Insurance shall reference the State of Washington, Department of Natural Resources and the lease number. Receipt of such certificates or policies by State does not constitute approval by State of the terms of such policies. Tenant acknowledges that the coverage requirements set forth herein are the minimum limits of insurance the Tenant must purchase to enter into this agreement. These limits may not be sufficient to cover all liability losses and related claim settlement expenses. Purchase of these limits of coverage does not relieve the Tenant from liability for losses and settlement expenses greater than these amounts.
- 10.4 State's Acquisition of Insurance. If Tenant fails to procure and maintain the insurance described above within fifteen (15) days after Tenant receives a notice to comply from State, State shall have the right to procure and maintain comparable substitute insurance and to pay the premiums. Tenant shall pay to State upon demand the full amount paid by State, together with interest at the rate provided in Subsection 6.2 from the date of State's notice of the expenditure until Tenant's repayment.

#### SECTION 11 MAINTENANCE AND REPAIR

- 11.1 State's Repairs. State shall not be required to make any alterations, maintenance, replacements, or repairs in, on, or about the Property, or any part thereof, during the Term.
- 11.2 Tenant's Repairs, Alteration, Maintenance and Replacement.
  - (a) Tenant shall, at its sole cost and expense, keep and maintain the Property and all improvements (regardless of ownership) in good order and repair, in a clean, attractive, and safe condition.
  - (b) Tenant shall, at its sole cost and expense, make any and all additions, repairs, alterations, maintenance, replacements, or changes to the Property or to any improvements on the Property which may be required by any public authority.

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SEVEN J'S INVESTMENTS

200503300178 Page: 20 of 35 03/30/2005 12:06P LEASE \$53.00 Kitsap Co, WA (c) All additions, repairs, alterations, replacements or changes to the Property and to any improvements on the Property shall be made in accordance with, and ownership shall be governed by, Section 7, above.

#### **SECTION 12 DAMAGE OR DESTRUCTION**

- In the event of any damage to or destruction of the Property or any improvements, Tenant shall promptly give written notice to State. Unless otherwise agreed in writing, Tenant shall promptly reconstruct, repair, or replace the Property and any improvements as nearly as possible to its condition immediately prior to the damage or destruction.
- (b) Tenant's duty to reconstruct, repair, or replace any damage or destruction of the Property or any improvements on the Property shall not be conditioned upon the availability of any insurance proceeds to Tenant from which the cost of repairs may be paid.
- (c) Unless this Lease is terminated by mutual agreement, there shall be no abatement or reduction in rent during such reconstruction, repair, and replacement.
- (d) Any insurance proceeds payable by reason of damage or destruction shall be first used to restore the real property covered by this Lease, then to pay the cost of the reconstruction, then to pay the State any sums in arrears, and then to Tenant.
- (e) In the event Tenant is in default under the terms of this Lease at the time damage or destruction occurs, State may elect to terminate the Lease and State shall then have the right to retain any and all insurance proceeds payable as a result of the damage or destruction.

#### **SECTION 13 CONDEMNATION**

#### 13.1 Definitions.

- (a) Taking. The term "taking," as used in this Lease, means the taking of all or any portion of the Property and any improvements thereon under the power of eminent domain, either by judgment or settlement in lieu of judgment. Taking also means the taking of all or a portion of the Property and any improvements thereon to the extent that the Permitted Use is prevented or, in the judgment of State, the Property is rendered impractical for the Permitted Use. A total taking occurs when the entire Property is taken. A partial taking occurs when the taking does not constitute a total taking as defined above.
- (b) Voluntary Conveyance. The terms "total taking" and "partial taking" shall include a voluntary conveyance, in lieu of formal court proceedings, to any agency, authority, public utility, person, or corporate entity empowered to condemn property.

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- (c) Date of Taking. The term "date of taking" shall mean the date upon which title to the Property or a portion of the Property passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor.
- 13.2 Effect of Taking. If during the Term there shall be a total taking, the leasehold estate of Tenant in the Property shall terminate as of the date of taking. If this Lease is terminated, in whole or in part, all rentals and other charges payable by Tenant to State and attributable to the Property taken shall be paid by Tenant up to the date of taking. If Tenant has pre-paid rent, Tenant will be entitled to a refund of the pro rata share of the pre-paid rent attributable to the period after the date of taking. In the event of a partial taking, there shall be a partial abatement of rent from the date of taking in a percentage equal to the percentage of Property taken.
- 13.3 Allocation of Award. State and Tenant agree that in the event of any condemnation, the award shall be allocated between State and Tenant based upon the ratio of the fair market value of Tenant's leasehold estate and Tenant-Owned Improvements on the Property and State's interest (a) in the Property, (b) in the reversionary interest in Tenant-Owned Improvements, and (c) in State-Owned Improvements. In the event of a partial taking, this ratio will be computed on the basis of the portion of Property or improvements taken. If Tenant and State are unable to agree on the allocation, it shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

#### **SECTION 14 DEFAULT AND REMEDIES**

- (a) Tenant shall be in default of this Lease on the occurrence of any of the following:
  - (1) Failure to pay Annual Rent or other expenses when due;
  - (2) Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
  - (3) Failure to comply with any other provision of this Lease;
  - (4) Two or more defaults over a period of time, or a single serious default, that demonstrates a reasonable likelihood of future defaults in the absence of corrective action by Tenant; or
  - (5) Proceedings are commenced by or against Tenant under any bankruptcy act or for the appointment of a trustee or receiver of Tenants' property.
- (b) A default shall become an event of default ("Event of Default") if Tenant fails to cure the default within sixty days after State provides Tenant with written notice of default, which specifies the nature of the default. 14 (b) here (OPTIONAL)

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SEVEN J'S INVESTMENTS

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Upon an Event of Default, State may terminate this Lease and remove Tenant by (c) summary proceedings or otherwise. State may also, without terminating this Lease, relet the Property on any terms and conditions as State in its sole discretion may decide are appropriate. If State elects to relet, rent received by it shall be applied: (1) to the payment of any indebtedness other than rent due from Tenant to State; (2) to the payment of any cost of such reletting; (3) to the payment of the cost of any alterations and repairs to the Property; and, (4) to the payment of rent and leasehold excise tax due and unpaid under this Lease. Any balance shall be held by State and applied to Tenant's future rent as it becomes due. Tenant shall be responsible for any deficiency created by the reletting during any month and shall pay the deficiency monthly. State's reentry or repossession of the Property under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless State gives a written notice of termination to Tenant or termination is decreed by legal proceedings. State may at any time after reletting elect to terminate this Lease for the previous Event of Default.

#### SECTION 15 ENTRY BY STATE

State shall have the right to enter the Property at any reasonable hour to inspect for compliance with the terms of this Lease.

#### SECTION 16 DISCLAIMER OF QUIET ENJOYMENT

As indicated in Section 1.1, this Lease is subject to all valid recorded interests of third parties, as well as rights of the public under the Public Trust Doctrine or federal navigation servitude, and treaty rights of Indian Tribes. State believes that its grant of the Lease is consistent with the Public Trust Doctrine and that none of the identified interests of third parties will materially and adversely affect Tenant's right of possession and use of the Property as set forth herein, but makes no guaranty or warranty to that effect. Tenant and State expressly agree that Tenant shall be responsible for determining the extent of its right to possession and for defending its leasehold interest. Consequently, State expressly disclaims and Tenant expressly releases State from any claim for breach of any implied covenant of quiet enjoyment with respect to the possession of the Property. This disclaimer includes, but is not limited to, interference arising from or in connection with access or other use rights of adjacent property owners or the public over the water surface or in or under the water column, including rights under the Public Trust Doctrine; rights held by Indian Tribes; and the general power and authority of State and the United States with respect to aquatic lands, navigable waters, bedlands, tidelands, and shorelands. In the event Tenant is evicted from the Property by reason of successful assertion of any of these rights, this Lease shall terminate as of the date of the eviction. In the event of a partial eviction, Tenant's rent obligations shall abate as of the date of the partial eviction, in direct proportion to the extent of the eviction, but in all other respects, this Lease shall remain in full force and effect.

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SEVEN J'S INVESTMENTS

LEASE \$53.00 Kitsap Co. WA

#### SECTION 17 NOTICE

Any notices required or permitted under this Lease may be personally delivered, delivered by facsimile machine, or mailed by certified mail, return receipt requested, to the following addresses or to such other places as the parties may direct in writing from time to time:

State:

DEPARTMENT OF NATURAL RESOURCES

Shoreline District Aquatics Region

950 Farman Avenue North Enumclaw, WA 98022-9282

Tenant:

SEVEN J'S INVESTMENT LIMITED PARTNERSHIP

PO Box 687

Burley, WA 98322

A notice shall be deemed given and delivered upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, or three (3) days after being mailed as set forth above, whichever is applicable.

#### SECTION 18 MISCELLANEOUS

- 18.1 Authority. Tenant and the person or persons executing this Lease on behalf of Tenant represent that Tenant is qualified to do business in the State of Washington, that Tenant has full right and authority to enter into this Lease, and that each and every person signing on behalf of Tenant is authorized to do so. Upon State's request, Tenant will provide evidence satisfactory to State confirming these representations. This Lease is entered into by State pursuant to the authority granted it in Chapters 79.90 to 79.96 RCW and the Constitution of the State of Washington.
- 18.2 Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.
- 18.3 Headings. The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.
- 18.4 Entire Agreement. This Lease, including the exhibits and addenda, if any, contains the entire agreement of the parties. All prior and contemporaneous agreements, promises, representations, and statements relating to this transaction or to the Property, if any, are merged into this Lease.
- 18.5 Waiver. The waiver by State of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. State's acceptance of a rental payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

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J'S INVESTMENTS

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- Cumulative Remedies. The rights and remedies of State under this Lease are cumulative and in addition to all other rights and remedies afforded to State by law or equity or otherwise.
- 18.7 Time is of the Essence. TIME IS OF THE ESSENCE as to each and every provision of this Lease.
- 18.8 Language. The word "Tenant" as used in this Lease shall be applicable to one or more persons, as the case may be. The singular shall include the plural, and the neuter shall include the masculine and feminine. If there is more than one Tenant, their obligations shall be joint and several. The word 'persons," whenever used, shall include individuals, firms, associations, and corporations.
- Invalidity. If any provision of this Lease shall prove to be invalid, void, or illegal, it 18.9 shall in no way affect, impair, or invalidate any other provision of this Lease.
- 18.10 Applicable Law and Venue. This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the Superior Court for Thurston County, Washington.
- 18.11 Recordation. Tenant shall record this Lease or a memorandum documenting the existence of this Lease in the county in which the Property is located, at Tenant's sole expense. The memorandum shall, at a minimum, contain the Property description, the names of the parties to the Lease, the State's lease number, and the duration of the Lease. Tenant shall provide State with recording information, including the date of recordation and file number. Tenant shall have thirty (30) days from the date of delivery of the final executed agreement to comply with the requirements of this subsection. If Tenant fails to record this Lease, State may record it and Tenant shall pay the costs of recording upon State's demand.
- 18.12 Modification. Any modification of this Lease must be in writing and signed by the parties. State shall not be bound by any oral representations or statements.

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THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

Tenant:

SEVEN J'S INVESTMENT LIMITED PARTNERSHIP

Dated: January 31, 2005

STEVEN JOHNSON

Title:

Limited Partner

Address:

PO Box 687

Burley, WA 98322

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated:

By:

DOUG SUTHERLAND

Title:

Commissioner of Public Lands

Address:

950 Farman Avenue North Enumclaw, WA 98022-9282

Di Di

Form Date: 07/2003

by Mike Grossmann

State of Washington

Standard Commercial Lease
Approved as to Form July, 2003

Assistant Attorney General

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SELEN J'S INDESTMENTS

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#### TENANT ACKNOWLEDGMENT

STATE OF //or//	
) ss	
STATE OF <u>logshington</u> ) ss COUNTY OF <u>Snohomish</u>	
· ·	
On this 3 day of <u>februa</u>	, 20 05, before me personally appeared elimited Partner of the partnership that executed the
•	wledged said instrument to be the free and voluntary
hat he was authorized to execute said instru	s and purposes therein mentioned, and on oath stated
mat he was authorized to execute said histic	JOHN L. CLARK
IN WITNESS WHEREOF, I have h	ereunto set my hands and affixed SHINGTON seal the
lay and year first above written.	NOTARY PUBLIC
Company of the Control of the Contro	My Commission Expires 1-22-08
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miserar .xpires 1-	22-08 John L. Clark
, year o segretar and the desirement of the second of the	(Type/Print Name)
	Notary Public in and for the State of Washington
	residing at: Evereff
	My Commission Expires: $\frac{1/22/258}{}$ .

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STATE OF WASHINGTON	)
	)s
County of Thurston	)

On this day of d

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.



Boneta & Hu

(Type/Print Name)

Notary Public in and for the State of Washington

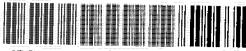
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My Commission Expires: 5-19-00

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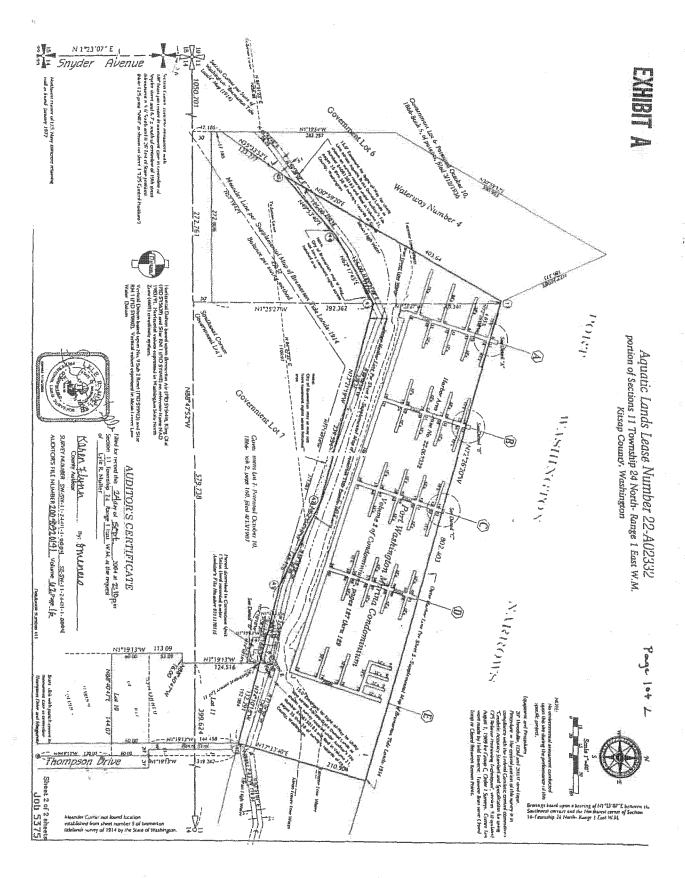
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# Aquatic Lands Lease Number 22-A02332

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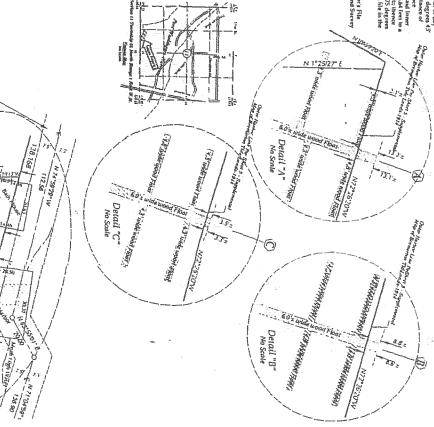
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AUDITOR'S CERTIFICATE

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C. Muller and Associates-Licensed Land Surveyors

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#### EXHIBIT B

#### PLAN OF DEVELOPMENT, OPERATION, AND MAINTENANCE

LEASE No. 22-A02332

Seven J's Investment Limited Partnership Marina P.O. Box 687 Burley, WA 98322

#### DESCRIPTION OF THE PROPERTY AND FACILITY

The Port Washington Marina is an 80-slip private marina located on the south shore of the Port Washington Narrows, located in Bremerton, Kitsap County, Washington. The adjacent tidelands and uplands are owned and operated by Tenant, Seven J's Investment Limited Partnership, a Washington Partnership formed in 1983. The marina can accommodate vessels up to 60 ft in length. This marina has been in place since 1974

The "Tenant-Owned Improvements" (Section 7.2 of lease) include: Sixty three (63) creosote pilings, one (1) floating house Barge, six (6) floating piers and thirty six (36) finger floats. The marina does allow live aboards and currently less then eight slips are used as a primary residence. The marina currently has one (1) house barge which is not currently lived in. They have one (1) operational pump out which is available to the vessels in the marina and each slip has access to power, water and phone.

The floats appear to be in good shape and we did not witness any exposed Styrofoam.

The building, which is mostly over privately owned tidelands, contains an office, laundry room and restroom facilities.

#### Future use and Conditions

The existing owner will continue the current use as a commercial marina. In the future he plans on expanding the marina to the East. Repairs to the improvements will be made after permits from the appropriate agencies have been received.

Exhibit B

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#### SECTION 2 USE

#### 2.1 PERMITTED USE

Permitted use is for recreational and commercial vessel moorage and marine pump out facility only. Up to 10% of the available slips (eight (8)) can be used as permanent residence as per WAC 332-30-106. The owner states that to the best of his knowledge less than 10% of slips in the marina are being used for residential use.

#### BEST MANAGEMENT PRACTICES

Tenant will adhere to the Best Management Practices (BMP's) set forth in the Department of Ecology's Resource Manual for Pollution Prevention in Marina's handbook as well as any future technological advancements that would improve the safety or environmental aspect of the facility.

#### Requirements

The following operational BMP's are required by Washington State Department of Ecology, and are included in the Resource Manual for Pollution Prevention in Marinas. They include specific methods addressing:

Compliance with BMP's

Education of employees and customers regarding required BMP's

Bilge water management and fueling practices

Hazardous Waste

Used Oil

Sewage management

Solid waste

Spill Prevention and Response

Pollution Prevention for boaters in your marina

#### Steps To Be Taken To Keep Facility In Good Repair

Tenant and/or Marina Manager will make frequent and periodic inspections of the facility to determine if any part of the facility is in need of repair, paying close attention to the BMP's and overall safety of the area.

#### Hazardous Materials

Seven J's Investment Limited Partnership agrees there will be no hazardous materials maintained on the premises, excluding gasoline and/or diesel fuel.

#### Spill Prevention and Response

The marina must purchase enough spill response equipment to respond adequately to the largest credible spill reasonably anticipated. These include but are not limited to: booms, fire extinguishers, pumps and communication devices.

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SEVEN J'S INVESTMENTS

LEASE \$53.00 Kitsap Co, WA

• Clear and easy to understand signage must be posted at the entry of each of the six (6) floating piers. One sign also needs to be located upland at the extreme high water mark and/or entrance to the main float dock.

#### Pollution Prevention

Seven J's Investment Limited Partnership agrees to comply with all regulatory requirements relating to pollution control and prevention. Facility policies will be designed to encourage pollution prevention. Tenant will work in good faith, to find the best means possible, to reduce the risk of leakage and/or seepage of wastewater into the natural environment.

#### SECTION 4 RENT

4.1 Annual Rent. The floating home constructed on the barge by WAC is considered a non water dependant rent. The barge is approximately 20 by 40 feet and will be charged at a non water dependant rate. The annual rent is calculated by multiplying the square footage of the floating home by the assessed adjacent upland square foot value and multiplying that value by .095 (9.5% rate of return). It is the responsibility of Port Washington Narrows to notify the Department if the floating home leaves the marina so that we can adjust the rent. The filled parking lot, buildings and bulkhead will also be charged a non water dependant rent.

#### SECTION 7 IMPROVEMENTS

- 7.1 Existing Improvements. Currently a portion of state owned aquatic lands is being occupied by the following improvements:
  - a. 63 creosote piling
  - b. Concrete bulkhead and fill which supports a portion of the parking lot.
  - c. Rock bulkhead and fill which serves as protection for the uplands.
  - d. Two buildings

At this time the state asserts ownership of the concrete bulkhead and abutting parking area but does not at this time claim ownership of the remaining improvements.

#### 7.3 CONSTRUCTION AND 7.5 UNAUTHORIZED IMPROVEMENTS

The state shall be notified of any repairs that may impact the environment or requiring any regulatory permit approval. Any new construction requires authorization from the State. Any expansion or decrease in the lease description will require an amendment to the lease.

All repairs and replacement to the existing structures must have State's prior consent and must have all regulatory permits approved before any repairs or replacements can commence. Prior to construction, Tenant shall also provide State with documentation showing that Tenant has consulted with (a) the National Marine Fisheries Service (NFMS) and the United States Fish and Wildlife Service (USFWS) as may be required under the Endangered Species Act; and Tenant shall incorporate into its construction plans and implement any measure required by NMFS and USFWS.

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SEVEN J'S INVESTMENTS

200503300178 Page: 33 of 35 03/30/2005 12:06P LEASE \$53.00 Kitsap Co, WA All repairs and maintenance to the existing structures will be made of NONTOXIC treated wood, or other environmentally friendly materials, such as concrete, steel or plastic. Where possible, the pier decking should include sections of aluminum grating to allow additional light penetration to the water. The float systems must not have exposed styrofoam. The operations of the facility must meet or exceed all state and federal minimum requirements relating to safety standards, paying attention to the mechanical, electrical, and safety aspects of the dock and floats. Any defects must be corrected as soon as possible.

#### SECTION 8 ENVIRONMENTAL LIABILITY/RISK ALLOCATIONS

### 8.3 CURRENT CONDITIONS, DUTY OF UTMOST CARE, AND DUTY TO INVESTIGATE

Tenant has not performed baseline sampling within the leased area of marina. However, they have removed all man made debris within the leasehold.

**8.4 Notification and Reporting.** Seven J's Investment Limited will notify the State of any violation received from any regulatory agency. In addition to reviewing any plans associated with remedying the violation, the State may attach additional requirements for state-owned aquatic lands.

#### SECTION 9 ASSIGNMENT AND SUBLETTING

9.4 Terms of Subleases. Tenant shall not sublease moorage slips for a term of more than one year without (a) obtaining State's prior written consent; and (b) ensuring that these moorage agreements conform to the sublease requirements in Subsection 9.4 of the Lease. Upland areas and tidelands under fee ownership of the Tenant are primarily devoted to boatyard uses and access to leased aquatic lands. Aquatic lands leased by Tenant are primarily used for marina operations.

#### **SECTION 16 ENTRY BY STATE**

An inventory and site inspection of the Port Washington Marina was conducted by Mark Mauren, Shannon Soto and Melissa Montgomery, of the Department of Natural Resources (DNR) in September of 2004. Routine site inspection by the DNR Land Manager is planned for once a year.

#### Facility Maintenance

Regular periodic inspection and regular maintenance will be performed by the Tenant to maintain the improvements located on the aquatic lands leased from the Department of Natural Resources, Division of Aquatic Lands and adjoining tidelands and uplands owned by the Tenant.

SEVEN J'S INVESTMENTS

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LEASE \$53.00 Kitsap Co, WA

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The commercial marina will be maintained and operated in accordance with the rules, regulations and requirements imposed by local, state, and federal governmental agencies with jurisdiction over the operations of the Tenant.

#### **SECTION 19 MISCELLANEOUS**

Steven Johnson, Senior Partner is the person or persons executing this lease on behalf of Seven J's Investment Limited Partnership ("Tenant").

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SEVEN J'S INVESTMENTS

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LEASE \$53.00 Kitsap Co, WA

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### AQUATIC LANDS COMMERCIAL LEASE

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EXHIBIT B: PLAN OF OPERATIONS AND MAINTENANCE

## STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

## AQUATIC LANDS LEASE (Commercial)

#### AQUATIC LANDS LEASE NO. 22-A02332

THIS LEASE is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources ("State"), and SEVEN J'S INVESTMENT LIMITED PARTNERSHIP, a partnership ("Tenant").

#### BACKGROUND

Tenant desires to lease the aquatic lands commonly known as Port Washington Narrows, which is a harbor area located in Kitsap County, Washington, from State, and State desires to lease the property to Tenant pursuant to the terms and conditions of this Lease.

THEREFORE, the parties agree as follows:

#### SECTION 1 PROPERTY

- 1.1 Property Defined. State leases to Tenant and Tenant leases from State the real property described in Exhibit A together with all the rights of State, if any, to improvements on and easements benefiting the Property, but subject to the exceptions and restrictions set forth in this Lease (collectively the "Property"). This Lease is subject to all valid interests of third parties noted in the records of Kitsap County, or on file in the office of the Commissioner of Public Lands, Olympia, Washington; rights of the public under the Public Trust Doctrine or federal navigation servitude; and treaty rights of Indian Tribes. Not included in this Lease are any right to harvest, collect or damage any natural resource, including aquatic life or living plants, any water rights, or any mineral rights, including any right to excavate or withdraw sand, gravel, or other valuable materials. State reserves the right to grant easements and other land uses on the Property to others when the easement or other land uses will not unreasonably interfere with Tenant's Permitted Use.
- 1.2 Survey, Maps, and Plans. In executing this Lease, State is relying on the surveys, plats, diagrams, and/or legal descriptions provided by Tenant. Tenant is not relying upon and State is not making any representations about any survey, plat, diagram, and/or legal description provided by State.
- 1.3 Inspection. State makes no representation regarding the condition of the Property, improvements located on the Property, the suitability of the Property for Tenant's Permitted Use, compliance with governmental laws and regulations, availability of utility rights, access to the Property or the existence of hazardous substances on the Property. Tenant has inspected the Property and accepts it "AS IS."

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#### SECTION 2 USE

- 2.1 Permitted Use. Tenant shall use the Property for recreational and commercial vessel moorage and a marine pump out facility (the "Permitted Use"), and for no other purpose. The Permitted Use is described or shown in greater detail in Exhibit B, the terms and conditions of which are incorporated by reference and made a part of this Lease. The parties agree that this is a mixed use, with 174,000 square feet of water-dependent use and 2,831 square feet of nonwater-dependent use.
- 2.2 Restrictions on Use. Tenant shall not cause or permit any damage to natural resources on the Property. Tenant shall also not cause or permit any filling activity to occur on the Property. This prohibition includes any deposit of rock, earth, ballast, refuse, garbage, waste matter (including chemical, biological or toxic wastes), hydrocarbons, any other pollutants, or other matter in or on the Property, except as approved in writing by State. Tenant shall neither commit nor allow waste to be committed to or on the Property. If Tenant fails to comply with all or any of the restrictions on the use of the Property set out in this Subsection 2.2, State shall notify Tenant and provide Tenant a reasonable time to take all steps necessary to remedy the failure. If Tenant fails to do so in a timely manner, then State may take any steps reasonably necessary to remedy this failure. Upon demand by State, Tenant shall pay all costs of such remedial action, including but not limited to the costs of removing and disposing of any material deposited improperly on the Property. This section shall not in any way limit Tenant's liability under Section 8, below.
- 2.3 Conformance with Laws. Tenant shall, at all times, keep current and comply with all conditions and terms of any permits, licenses, certificates, regulations, ordinances, statutes, and other government rules and regulations regarding its use or occupancy of the Property.
- **2.4** Liens and Encumbrances. Tenant shall keep the Property free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Property.

#### **SECTION 3 TERM**

- **3.1 Term Defined.** The term of this Lease is thirty (30) years (the "Term"), beginning on the 1st day of November, 2004 (the "Commencement Date"), and ending on the 31st day of October, 2034 (the "Termination Date"), unless terminated sooner under the terms of this Lease.
- 3.2 Renewal of the Lease. Tenant shall have the option to renew this Lease for zero (0) additional terms of N/A years each. The initial Term of this Lease, and all renewal terms, shall not exceed Thirty (30) years in the aggregate. Tenant shall exercise this option by providing written notice of its election to renew at least ninety (90) days prior to the Termination Date of the initial Term or any renewal term of this Lease. Tenant shall not be entitled to renew if it is in default under the terms of this Lease at the time the option to renew is exercised. The terms and conditions of any renewal term shall be the same as set forth in this Lease, except that rent shall be recalculated, the required amounts of financial security may be revised, and provisions dealing with hazardous waste or impacts to natural resources may be changed at the time of the renewal.

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- 3.3 Delay in Delivery of Possession. If State, for any reason whatsoever, cannot deliver possession of the Property to Tenant on the Commencement Date, this Lease shall not be void or voidable, nor shall State be liable to Tenant for any loss or damage resulting from the delay in delivery of possession. In such event, the date of delivery of possession shall be the Commencement Date for all purposes, including the payment of rent. In the event Tenant takes possession before the Commencement Date, the date of possession shall be the Commencement Date for all purposes, including the payment of rent. If the Lease Term commences earlier or later than the scheduled Commencement Date, the Termination Date shall be adjusted accordingly.
- **3.4** End of Term. Upon the expiration or termination of the Term or extended term, as applicable, Tenant shall surrender the Property to State in the same or better condition as on the Commencement Date, reasonable wear and tear excepted.
- 3.5 Hold Over. If Tenant remains in possession of the Property after the Termination Date, the occupancy shall not be an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be terminated by either party on thirty (30) days written notice. The monthly rent during the holdover shall be the same rent which would be due if the Lease were still in effect and all adjustments in rent were made in accordance with its terms. If State provides a notice to vacate the Property in anticipation of the termination of this Lease or at any time after the Termination Date and Tenant fails to do so within the time set forth in the notice, then Tenant shall be a trespasser and shall owe the State all amounts due under RCW 79.01.760 or other applicable law.

#### SECTION 4 RENT

- **4.1 Annual Rent.** Until adjusted as set forth below, Tenant shall pay to State an annual rent, consisting of One Thousand One Hundred Ninety Two Dollars and Forty Seven Cents (\$1,192.47) related to the water-dependent use, and Seven Hundred Sixteen Dollars and Thirty Cents (\$716.30) related to the non water-dependent use. The annual rent, as it currently exists or as adjusted or modified (the "Annual Rent"), shall be due and payable in full on or before the Commencement Date, and on or before the same date of each year thereafter.
- **4.2 Payment Place.** Payment is to be made to Financial Management Division, 1111 Washington St SE, PO Box 47041, Olympia, WA 98504-7041.
- **4.3** Adjustment Based on Use. Annual Rent is based on Tenant's Permitted Use of the Property, as described in Section 2 above. If Tenant's Permitted Use changes, the Annual Rent shall be adjusted as appropriate for the changed use.

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#### 4.4 Rent Adjustments for Water-Dependent Uses.

- (a) Inflation Adjustment. State shall adjust water-dependent rent annually pursuant to RCW 79.90.450 -902, except in those years in which the rent is revalued under Subsection 4.4(b) below. This adjustment shall be effective on the anniversary of the Commencement Date.
- (b) Revaluation of Rent. State shall, at the end of the first four-year period of the Term, and at the end of each subsequent four-year period, revalue the water-dependent Annual Rent in accordance with RCW 79.90.450-.902.
- (c) Rent Cap. After the initial year's rent is determined under Subsection 4.1, rent may increase by operation of Subsection 4.4(a) or 4.4(b). If application of the statutory rent formula for water-dependent uses would result in an increase in the rent attributable to such uses of more than fifty percent (50%) in any one year, the actual increase implemented in such year shall be limited to fifty percent (50%) of the then-existing rent, in accordance with RCW 79.90.490. The balance of the increase determined by the formula shall be deferred to subsequent years and added to the next and subsequent years' rental increases until the full amount of the increase is lawfully implemented.

#### 4.5 Rent Adjustments for Nonwater-Dependent Uses.

- (a) Inflation Adjustment. Except in those years in which the rent is revalued under Subsection 4.5 (b), below, State shall adjust the nonwater-dependent rent annually on the anniversary of the Commencement Date by an amount equal to the percentage increase in the most recently published Consumer Price Index, All Urban Consumers, for the Seattle-Everett SMSA, over the Consumer Price Index for the preceding anniversary of the Commencement Date. All items 1982-84 = 100, as published by the US Department of Labor, Bureau of Labor Statistics. If publication of the Consumer Price Index is discontinued, a reliable governmental or other nonpartisan publication evaluating the information used in determining the Consumer Price Index shall be used.
- (b) Revaluation of Rent. State shall, at the end of the first four-year period of the Term, and at the end of each subsequent four-year period, revalue the nonwater-dependent Annual Rent to reflect the then-current fair market rent. In the event that agreement cannot be reached between State and Tenant on the fair market rental value, the valuation shall be submitted to a review board of appraisers. The board shall consist of three members, one selected by and at the cost of Tenant; a second member selected by and at the cost of State; and a third member selected by the other two members with the cost shared equally by State and Tenant. The decision of the majority of the board shall be binding on both parties. Until the new rent is established by agreement or by the review board, Tenant shall pay rent in the same amount established for the preceding year. If additional rent is

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required as a result of this review, Tenant shall pay the additional rent within ten (10) days of the board's decision. If a refund is required as a result of this review, State shall pay the refund within ten (10) days of the board's decision.

#### 4.6 Rent Adjustment Procedures.

- (a) Notice of Rent Adjustment.
  Notice of any adjustments to the Annual Rent that are allowed by Subsection 4.4
  (b) and 4.5 (b) shall be provided to Tenant in writing no later than ninety (90) days after the anniversary date of the Lease.
- (b) Procedures on Failure to make Timely Adjustment.

  In the event the State fails to provide the notice required in Subsection 4.6(a), it shall be prohibited from collecting any adjustments to rent only for the year in which it failed to provide notice. No failure by State to adjust Annual Rent pursuant to Subsection 4.6(a) shall affect the State's right to establish Annual Rent for a subsequent lease year as if the missed or waived adjustment had been implemented. The State may adjust, bill, and collect Annual Rent prospectively as if any missed or waived adjustments had actually been implemented. This includes the implementation of any inflation adjustment and any rent revaluations that would have been authorized for previous lease years.

#### **SECTION 5 OTHER EXPENSES**

During the Term, Tenant shall pay the following additional expenses:

- **5.1 Utilities.** Tenant shall pay all fees charged for utilities in connection with the use and occupancy of the Property, including but not limited to electricity, water, gas, and telephone service.
- **5.2 Taxes and Assessments.** Tenant shall pay all taxes (including leasehold excise taxes), assessments, and other governmental charges, of any kind whatsoever, applicable or attributable to the Property, Tenant's leasehold interest, the improvements, or Tenant's use and enjoyment of the Property.
- 5.3 Right to Contest. Tenant may, in good faith, contest any tax or assessment at its sole cost and expense. At the request of State, Tenant shall furnish reasonable protection in the form of a bond or other security, satisfactory to State, against any loss or liability by reason of such contest.
- 5.4 **Proof of Payment.** Tenant shall, if required by State, furnish to State receipts or other appropriate evidence establishing the payment of any amounts required to be paid under the terms of this Lease.
- 5.5 Failure to Pay. If Tenant fails to pay any of the amounts due under this Lease, State may pay the amount due, and recover its cost in accordance with the provisions of Section 6.

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#### SECTION 6 LATE PAYMENTS AND OTHER CHARGES

- 6.1 Late Charge. If any rental payment is not received by State within ten (10) days of the date due, Tenant shall pay to State a late charge equal to four percent (4%) of the amount of the payment or Fifty Dollars (\$50), whichever is greater, to defray the overhead expenses of State incident to the delay.
- 6.2 Interest Penalty for Past Due Rent and Other Sums Owed. If rent is not paid within thirty (30) days of the date due, then Tenant shall, in addition to paying the late charges determined under Subsection 6.1, above, pay interest on the amount outstanding at the rate of one percent (1%) per month until paid. If State pays or advances any amounts for or on behalf of Tenant, including but not limited to leasehold taxes, taxes, assessments, insurance premiums, costs of removal and disposal of unauthorized materials pursuant to Section 2 above, costs of removal and disposal of improvements pursuant to Section 7 below, or other amounts not paid when due, Tenant shall reimburse State for the amount paid or advanced and shall pay interest on that amount at the rate of one percent (1%) per month from the date State notifies Tenant of the payment or advance.
- 6.3 No Accord and Satisfaction. If Tenant pays, or State otherwise receives, an amount less than the full amount then due, State may apply such payment as it elects. In the absence of an election, the payment or receipt shall be applied first to accrued taxes which State has advanced or may be obligated to pay, then to other amounts advanced by State, then to late charges and accrued interest, and then to the earliest rent due. State may accept any payment in any amount without prejudice to State's right to recover the balance of the rent or pursue any other right or remedy. No endorsement or statement on any check, any payment, or any letter accompanying any check or payment shall constitute or be construed as accord and satisfaction.
- **6.4 No Counterclaim, Setoff, or Abatement of Rent.** Except as expressly set forth elsewhere in this Lease, rent and all other sums payable by Tenant pursuant to this Lease shall be paid without the requirement that State provide prior notice or demand, and shall not be subject to any counterclaim, setoff, deduction, defense or abatement.

#### **SECTION 7 IMPROVEMENTS**

- 7.1 Existing Improvements. On the Commencement Date, the following improvements are located on the Property: sixty three (63) pilings, a bulkhead and filled retaining wall, and two buildings ("Existing Improvements"). The above improvements are not owned by State. Also located on the property is a bulkhead and abutting filled parking area ("State-Owned Improvements"). The bulkhead abutting the filled parking area, and the filled parking area are owned by State.
- 7.2 Tenant-Owned Improvements. So long as this Lease remains in effect, Tenant shall retain ownership of all Existing Improvements, and all authorized improvements and trade fixtures it may place on the Property (collectively "Tenant-Owned Improvements"). Tenant-Owned Improvements shall not include any construction, reconstruction, alteration, or addition

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to any Unauthorized Improvements as defined in Subsection 7.5 below. No Tenant-Owned Improvements shall be placed on the Property without State's prior written consent.

- Construction. Prior to any construction, alteration, replacement, removal or major repair 7.3 of any improvements (whether State-Owned or Tenant-Owned), Tenant shall submit to State plans and specifications which describe the proposed activity. Construction shall not commence until State has approved those plans and specifications in writing and Tenant has obtained a performance and payment bond in an amount equal to 125% of the estimated cost of construction. The performance and payment bond shall be maintained until the costs of construction, including all laborers and material persons, have been paid in full. State shall have sixty (60) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for State's written consent shall be treated as waived, unless State notifies Tenant otherwise within the sixty (60) days. Upon completion of construction, Tenant shall promptly provide State with as-built plans and specifications. State's consent and approval shall not be required for any routine maintenance or repair of improvements made by the Tenant pursuant to its obligation to maintain the Property in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Property.
- Removal. Tenant-Owned Improvements shall be removed by Tenant by the Termination Date unless State notifies Tenant that the Tenant-Owned Improvements may remain. If the State elects for the Tenant-Owned Improvements to remain on the Property after the Termination Date, they shall become the property of State without payment by State (if the provisions of RCW 79.94.320 or RCW 79.95.040 apply, Tenant shall be entitled to the rights provided in the statute). To the extent that Tenant-Owned Improvements include items of personal property which may be removed from the leasehold premises without harming the Property, or diminishing the value of the Property or the improvements, the State asserts no ownership interest in these improvements unless the parties agree otherwise in writing upon termination of this Lease. Any Tenant-Owned Improvements specifically identified as personal property in Exhibit A or B shall be treated in accordance with this provision. Tenant shall notify State at least one hundred eighty (180) days before the Termination Date if it intends to leave the Tenant-Owned Improvements on the Property. State shall then have ninety (90) days in which to notify Tenant that it wishes to have the Tenant-Owned Improvements removed or elects to have them remain. Failure to notify Tenant shall be deemed an election by State that the Tenant-Owned Improvements will remain on the Property. If the Tenant-Owned Improvements remain on the Property after the Termination Date without State's actual or deemed consent, they still will become the property of the State but the State may remove them and Tenant shall pay the costs of removal and disposal upon State's demand.
- 7.5 Unauthorized Improvements. Improvements made on the Property without State's prior consent pursuant to Subsection 7.3 or which are not in conformance with the plans submitted to and approved by State ("Unauthorized Improvements") shall immediately become the property of State, unless State elects otherwise. Regardless of ownership of Unauthorized Improvements, State may, at its option, require Tenant to sever, remove, and dispose of them,

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charge Tenant rent for the use of them, or both. If Tenant fails to remove an Unauthorized Improvement upon request, State may remove it and charge Tenant for the cost of removal and disposal.

#### SECTION 8 ENVIRONMENTAL LIABILITY/RISK ALLOCATION

- **8.1 Definition.** "Hazardous Substance" means any substance which now or in the future becomes regulated or defined under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601 *et seq.*, and Washington's Model Toxics Control Act ("MTCA"), RCW 70.105D.010 *et seq.*
- **8.2** Use of Hazardous Substances. Tenant covenants and agrees that Hazardous Substances will not be used, stored, generated, processed, transported, handled, released, or disposed of in, on, under, or above the Property, except in accordance with all applicable laws.
- 8.3 Current Conditions, Duty of Utmost Care, and Duty to Investigate.
  - (a) State makes no representation about the condition of the Property. Hazardous Substances may exist in, on, under, or above the Property. With regard to any Hazardous Substances that may exist in, on, under, or above the Property, State disclaims any and all responsibility to conduct investigations, to review any State records, documents or files, or to obtain or supply any information to Tenant.
  - (b) Tenant shall exercise the utmost care with respect to both Hazardous Substances in, on, under, or above the Property as of the Commencement Date, and any Hazardous Substances that come to be located in, on, under, or above the Property during the Term of this agreement, along with the foreseeable acts or omissions of third parties affecting those Hazardous Substances, and the foreseeable consequences of those acts or omissions. The obligation to exercise utmost care under this Subsection 8.3 includes, but is not limited to, the following requirements:
    - (1) Tenant shall not undertake activities that will cause, contribute to, or exacerbate contamination of the Property;
    - (2) Tenant shall not undertake activities that damage or interfere with the operation of remedial or restoration activities on the Property or undertake activities that result in human or environmental exposure to contaminated sediments on the Property;
    - (3) Tenant shall not undertake any activities that result in the mechanical or chemical disturbance of on-site habitat mitigation;

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- (4) If requested, Tenant shall allow reasonable access to the Property by employees and authorized agents of the Environmental Protection Agency, the Washington State Department of Ecology, or other similar environmental agencies; and
- (5) If requested, Tenant shall allow reasonable access to potentially liable or responsible parties who are the subject of an order or consent decree which requires access to the Property. Tenant's obligation to provide access to potentially liable or responsible parties may be conditioned upon the negotiation of an access agreement with such parties, provided that such agreement shall not be unreasonably withheld.
- (c) It shall be Tenant's obligation to gather sufficient information concerning the Property and the existence, scope, and location of any Hazardous Substances on the Property, or adjoining the Property, that allows Tenant to effectively meet its obligations under this lease.

#### 8.4 Notification and Reporting.

- (a) Tenant shall immediately notify State if Tenant becomes aware of any of the following:
  - (1) A release or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;
  - (2) Any problem or liability related to, or derived from, the presence of any Hazardous Substance in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;
  - (3) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances with respect to the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property;
  - (4) Any lien or action with respect to any of the foregoing; or,
  - (5) Any notification from the US Environmental Protection Agency (EPA) or the Washington State Department of Ecology (DOE) that remediation or removal of Hazardous Substances is or may be required at the Property.
- (b) Upon request, Tenant shall provide State with copies of any and all reports, studies, or audits which pertain to environmental issues or concerns associated with the Property, and which were prepared for Tenant and submitted to any federal, state or Form Date: 07/2003

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local authorities pursuant to any federal, state or local permit, license or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System Permit, any Army Corps of Engineers permit, any State Hydraulics permit, any State Water Quality certification, or any Substantial Development permit.

#### 8.5 Indemnification.

- (a) Tenant shall fully indemnify, defend, and hold State harmless from and against any and all claims, demands, damages, natural resource damages, response costs, remedial costs, cleanup costs, losses, liens, liabilities, penalties, fines, lawsuits, other proceedings, costs, and expenses (including attorneys' fees and disbursements), that arise out of, or are in any way related to:
  - (1) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance by Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property;
  - (2) The release or threatened release of any Hazardous Substance, or the exacerbation of any Hazardous Substance contamination, in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, which release, threatened release, or exacerbation occurs or occurred during the Term of this Lease or during any time when Tenant occupies or occupied the Property or any such other property, and as a result of:
    - (i) Any act or omission of Tenant, its subtenants, contractors, agents, employees, guests, invitees, or affiliates; or,
    - (ii) Any foreseeable act or omission of a third party unless Tenant exercised the utmost care with respect to the foreseeable acts or omissions of the third party and the foreseeable consequences of those acts or omissions.
- (b) In addition to the indemnifications provided in Subsection 8.5(a), Tenant shall fully indemnify State for any and all damages, liabilities, costs or expenses (including attorneys' fees and disbursements) that arise out of or are in any way related to Tenant's breach of the obligations of Subsection 8.3(b). This obligation is not intended to duplicate the indemnity provided in Subsection 8.5(a) and applies only to damages, liabilities, costs, or expenses that are associated with a breach of Subsection 8.3(b) and which are not characterized as a release, threatened release, or exacerbation of Hazardous Substances.

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8.6 Cleanup. If a release of Hazardous Substances occurs in, on, under, or above the Property, or other State-owned property, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall, at its sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances. Cleanup actions shall include, without limitation, removal, containment and remedial actions and shall be performed in accordance with all applicable laws, rules, ordinances, and permits. Tenant's obligation to undertake a cleanup under this Subsection 8.6 shall be limited to those instances where the Hazardous Substances exist in amounts that exceed the threshold limits of any applicable regulatory cleanup standards. Tenant shall also be solely responsible for all cleanup, administrative, and enforcement costs of governmental agencies, including natural resource damage claims, arising out of any action, inaction, or event described or referred to in Subsection 8.5, above. Tenant may undertake a cleanup pursuant to the Washington State Department of Ecology's Voluntary Cleanup Program, provided that: (1) Any cleanup plans shall be submitted to State (DNR) for review and comment at least thirty (30) days prior to implementation (except in emergency situations), and (2) Tenant must not be in breach of this lease. Nothing in the operation of this provision shall be construed as an agreement by State that the voluntary cleanup complies with any laws or with the provisions of this Lease.

#### 8.7 Sampling by State, Reimbursement, and Split Samples.

- (a) State may conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Property at any time to determine the existence, scope, or effects of Hazardous Substances on the Property, any adjoining property, any other property subject to use by Tenant in conjunction with its use of the Property, or any natural resources. If such Tests, along with any other information, demonstrates the existence, release, or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in Subsection 8.5, above, Tenant shall promptly reimburse State for all costs associated with such Tests.
- (b) State's ability to seek reimbursement for any Tests under this Subsection shall be conditioned upon State providing Tenant written notice of its intent to conduct any Tests at least thirty (30) calendar days prior to undertaking such Tests, unless such Tests are performed in response to an emergency situation in which case State shall only be required to give such notice as is reasonably practical.
- (c) Tenant shall be entitled to obtain split samples of any Test samples obtained by State, but only if Tenant provides State with written notice requesting such samples within twenty (20) calendar days of the date Tenant is deemed to have received notice of State's intent to conduct any non-emergency Tests. The additional cost, if any, of split samples shall be borne solely by Tenant. Any additional costs State incurs by virtue of Tenant's split sampling shall be reimbursed to State within thirty (30) calendar days after a bill with documentation for such costs is sent to Tenant.

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Within thirty (30) calendar days of a written request (unless otherwise required pursuant to Subsection 8.4(b), above), either party to this Lease shall provide the other party with validated final data, quality assurance/quality control information, and chain of custody information, associated with any Tests of the Property performed by or on behalf of State or Tenant. There is no obligation to provide any analytical summaries or expert opinion work product.

8.8 Reservation of Rights. The parties have agreed to allocate certain environmental risks, liabilities, and responsibilities by the terms of Section 8. With respect to those environmental liabilities covered by the indemnification provisions of Subsection 8.5, that subsection shall exclusively govern the allocation of those liabilities. With respect to any environmental risks, liabilities, or responsibilities not covered by Subsection 8.5, the parties expressly reserve and do not waive or relinquish any rights, claims, immunities, causes of action, or defenses relating to the presence, release, or threatened release of Hazardous Substances in, on, under, or above the Property, any adjoining property, or any other property subject to use by Tenant in conjunction with its use of the Property, that either party may have against the other under federal, state, or local laws, including but not limited to, CERCLA, MTCA, and the common law. No right, claim, immunity, or defense either party may have against third parties is affected by this Lease and the parties expressly reserve all such rights, claims, immunities, and defenses. The allocations of risks, liabilities, and responsibilities set forth above do not release either party from, or affect either party's liability for, claims or actions by federal, state, or local regulatory agencies concerning Hazardous Substances.

#### SECTION 9 ASSIGNMENT AND SUBLETTING

- 9.1 State Consent Required. Tenant shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Property without State's prior written consent, which shall not be unreasonably conditioned or withheld.
  - (a) In determining whether to consent, State may consider, among other items, the proposed transferee's financial condition, business reputation and experience, the nature of the proposed transferee's business, the then-current value of the Property, and such other factors as may reasonably bear upon the suitability of the transferee as a tenant of the Property. Tenant shall submit information regarding any proposed transferee to State at least thirty (30) days prior to the date of the proposed transfer.
  - (b) State reserves the right to condition its consent upon: (1) changes in the terms and conditions of this Lease, including the Annual Rent and other terms; and/or (2) the agreement of Tenant or transferee to conduct Tests for Hazardous Substances on the Property or on other property owned or occupied by Tenant or the transferee.
  - (c) Each permitted transferee shall assume all obligations under this Lease, including the payment of rent. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of Tenant.

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- 9.2 Event of Assignment. If Tenant is a corporation, a dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant shall be deemed to be an assignment of this Lease. If Tenant is a partnership, a dissolution of the partnership or a transfer (by one or more transactions) of the controlling interest in Tenant shall be deemed an assignment of this Lease.
- **9.3 Rent Payments Following Assignment.** The acceptance by State of the payment of rent following an assignment or other transfer shall not constitute consent to any assignment or transfer.
- **9.4 Terms of Subleases.** All subleases shall be submitted to State for approval and shall meet the following requirements:
  - (a) The sublease shall be consistent with and subject to all the terms and conditions of this Lease;
  - (b) The sublease shall confirm that if the terms of the sublease conflict with the terms of this Lease, this Lease shall control;
  - (c) The term of the sublease (including any period of time covered by a renewal option) shall end before the Termination Date of the initial Term or any renewal term;
  - (d) The sublease shall terminate if this Lease terminates, whether upon expiration of the Term, failure to exercise an option to renew, cancellation by State, surrender or for any other reason;
  - (e) The subtenant shall receive and acknowledge receipt of a copy of this Lease;
  - (f) The sublease shall prohibit the prepayment to Tenant by the subtenant of more than one month's rent;
  - (g) The sublease shall identify the rental amount to be paid to Tenant by the subtenant;
  - (h) The sublease shall confirm that there is no privity of contract between the subtenant and State;
  - (i) The sublease shall require removal of the subtenant's improvements and trade fixtures upon termination of the sublease; and,
  - (j) The subtenant's permitted use shall be within the Permitted Use authorized by this Lease.

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9.5 Routine Subleasing of Moorage Slips. In the case of routine subleasing of moorage slips to recreational and commercial vessel owners for a term of one year or less, Tenant shall not be required to obtain State's written consent or approval pursuant to Subsection 9.1 or Subsection 9.4. Tenant shall be obligated to ensure that these moorage agreements conform to the sublease requirements in Subsection 9.4.

#### SECTION 10 INDEMNITY, FINANCIAL SECURITY, INSURANCE

10.1 Indemnity. Tenant shall indemnify, defend, and hold harmless State, its employees, officers, and agents from any and all liability, damages (including bodily injury, personal injury and damages to land, aquatic life, and other natural resources), expenses, causes of action, suits, claims, costs, fees (including attorneys' fees), penalties, or judgments, of any nature whatsoever, arising out of the use, occupation, or control of the Property by Tenant, its subtenants, invitees, agents, employees, licensees, or permittees, except as may arise solely out of the willful or negligent act of State or State's elected officials, employees, or agents. To the extent that RCW 4.24.115 applies, Tenant shall not be required to indemnify, defend, and hold State harmless from State's sole or concurrent negligence. Tenant's liability to State for hazardous substances, and its obligation to indemnify, defend, and hold the State harmless for hazardous substances, shall be governed exclusively by Section 8.

#### 10.2 Financial Security.

- (a) At its own expense, Tenant shall procure and maintain a corporate surety bond or provide other financial security satisfactory to State (the "Bond") in an amount equal to Twenty Five Thousand Dollars (\$25,000), which shall secure Tenant's full performance of its obligations under this Lease, with the exception of the obligations under Section 8 (Environmental Liability/Risk Allocation) above. The Bond shall be in a form and issued by a surety company acceptable to State. State may require an adjustment in the amount of the Bond:
  - (1) At the same time as revaluation of the Annual Rent;
  - (2) As a condition of approval of assignment or sublease of this Lease;
  - (3) Upon a material change in the condition of any improvements; or,
  - (4) Upon a change in the Permitted Use.

A new or modified Bond shall be delivered to State within thirty (30) days after adjustment of the amount of the Bond has been required by State.

(b) Upon any default by Tenant in its obligations under this Lease, State may collect on the Bond to offset the liability of Tenant to State. Collection on the Bond shall not relieve Tenant of liability, shall not limit any of State's other remedies, and shall not reinstate or cure the default or prevent termination of the Lease because of the default.

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- 10.3 Insurance. At its own expense, Tenant shall procure and maintain during the Term of this Lease, the insurance coverages and limits described in Subsections 10.3(a) and (b) below. This insurance shall be issued by an insurance company or companies admitted and licensed by the Insurance Commissioner to do business in the State of Washington. Insurers must have a rating of B+ or better by "Best's Insurance Reports," or a comparable rating by another rating company acceptable to State. If non-admitted or non-rated carriers are used, the policies must comply with Chapter 48.15 RCW.
  - (a) Types of Required Insurance.
    - (1) Commercial General Liability Insurance. Tenant shall procure and maintain Commercial General Liability insurance and, if applicable, Marina Operators Legal Liability insurance covering claims for bodily injury, personal injury, or property damage arising on the Property and/or arising out of Tenant's operations. If necessary, commercial umbrella insurance covering claims for these risks shall be procured and maintained. Insurance must include liability coverage with limits not less than those specified below:

Description

Each Occurrence \$1,000,000 General Aggregate Limit \$2,000,000

State may impose changes in the limits of liability:

- (i) As a condition of approval of assignment or sublease of this Lease;
- (ii) Upon any breach of Section 8, above;
- (iii) Upon a material change in the condition of the Property or any improvements; or,
- (iv) Upon a change in the Permitted Use.

New or modified insurance coverage shall be in place within thirty (30) days after changes in the limits of liability are required by State.

- (2) Property Insurance. Tenant shall procure and maintain property insurance covering all real property located on or constituting a part of the Property in an amount equal to the replacement value of all improvements on the Property. Such insurance may have commercially reasonable deductibles.
- (3) Worker's Compensation/Employer's Liability Insurance. Tenant shall procure and maintain:

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(i) State of Washington Worker's Compensation coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements;

Employers Liability or "Stop Gap" insurance coverage with limits not less than those specified below. Insurance must include bodily injury coverage with limits not less than those specified below:

 Each Employee
 Policy Limit

 By Accident
 By Disease

 \$1,000,000
 \$1,000,000

Longshore and Harbor Worker's Act and Jones Act coverage, as applicable, with respect to any work by Tenant's employees on or about the Property and on any improvements.

- (4) Builder's Risk Insurance. As applicable, Tenant shall procure and maintain builder's risk insurance in an amount reasonably satisfactory to State during construction, replacement, or material alteration of the Property or improvements on the Property. Coverage shall be in place until such work is completed and evidence of completion is provided to State.
- (5) Business Auto Policy Insurance. As applicable, Tenant shall procure and maintain a business auto policy. The insurance must include liability coverage with limits not less than those specified below:

<u>Description</u> <u>Each Accident</u>
Bodily Injury and Property Damage \$1,000,000

- (b) Terms of Insurance. The policies required under Subsection 10.3 shall name the State of Washington, Department of Natural Resources as an additional insured (except for State of Washington Worker's Compensation coverage, and Federal Jones' Act and Longshore and Harbor Worker's Act coverages). Furthermore, all policies of insurance described in Subsection10.3 shall meet the following requirements:
  - (1) Policies shall be written as primary policies not contributing with and not in excess of coverage that State may carry;
  - (2) Policies shall expressly provide that such insurance may not be canceled or nonrenewed with respect to State except upon forty-five (45) days prior written notice from the insurance company to State;

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- (3) To the extent of State's insurable interest, property coverage shall expressly provide that all proceeds shall be paid jointly to State and Tenant;
- (4) All liability policies must provide coverage on an occurrence basis; and
- (5) Liability policies shall not include exclusions for cross liability.
- (c) Proof of Insurance. Tenant shall furnish evidence of insurance in the form of a Certificate of Insurance satisfactory to the State accompanied by a checklist of coverages provided by State, executed by a duly authorized representative of each insurer showing compliance with the insurance requirements described in section 10, and, if requested, copies of policies to State. The Certificate of Insurance shall reference the State of Washington, Department of Natural Resources and the lease number. Receipt of such certificates or policies by State does not constitute approval by State of the terms of such policies. Tenant acknowledges that the coverage requirements set forth herein are the minimum limits of insurance the Tenant must purchase to enter into this agreement. These limits may not be sufficient to cover all liability losses and related claim settlement expenses. Purchase of these limits of coverage does not relieve the Tenant from liability for losses and settlement expenses greater than these amounts.
- 10.4 State's Acquisition of Insurance. If Tenant fails to procure and maintain the insurance described above within fifteen (15) days after Tenant receives a notice to comply from State, State shall have the right to procure and maintain comparable substitute insurance and to pay the premiums. Tenant shall pay to State upon demand the full amount paid by State, together with interest at the rate provided in Subsection 6.2 from the date of State's notice of the expenditure until Tenant's repayment.

#### SECTION 11 MAINTENANCE AND REPAIR

- 11.1 State's Repairs. State shall not be required to make any alterations, maintenance, replacements, or repairs in, on, or about the Property, or any part thereof, during the Term.
- 11.2 Tenant's Repairs, Alteration, Maintenance and Replacement.
  - (a) Tenant shall, at its sole cost and expense, keep and maintain the Property and all improvements (regardless of ownership) in good order and repair, in a clean, attractive, and safe condition.
  - (b) Tenant shall, at its sole cost and expense, make any and all additions, repairs, alterations, maintenance, replacements, or changes to the Property or to any improvements on the Property which may be required by any public authority.

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(c) All additions, repairs, alterations, replacements or changes to the Property and to any improvements on the Property shall be made in accordance with, and ownership shall be governed by, Section 7, above.

#### SECTION 12 DAMAGE OR DESTRUCTION

- (a) In the event of any damage to or destruction of the Property or any improvements, Tenant shall promptly give written notice to State. Unless otherwise agreed in writing, Tenant shall promptly reconstruct, repair, or replace the Property and any improvements as nearly as possible to its condition immediately prior to the damage or destruction.
- (b) Tenant's duty to reconstruct, repair, or replace any damage or destruction of the Property or any improvements on the Property shall not be conditioned upon the availability of any insurance proceeds to Tenant from which the cost of repairs may be paid.
- (c) Unless this Lease is terminated by mutual agreement, there shall be no abatement or reduction in rent during such reconstruction, repair, and replacement.
- (d) Any insurance proceeds payable by reason of damage or destruction shall be first used to restore the real property covered by this Lease, then to pay the cost of the reconstruction, then to pay the State any sums in arrears, and then to Tenant.
- (e) In the event Tenant is in default under the terms of this Lease at the time damage or destruction occurs, State may elect to terminate the Lease and State shall then have the right to retain any and all insurance proceeds payable as a result of the damage or destruction.

#### SECTION 13 CONDEMNATION

#### 13.1 Definitions.

- (a) Taking. The term "taking," as used in this Lease, means the taking of all or any portion of the Property and any improvements thereon under the power of eminent domain, either by judgment or settlement in lieu of judgment. Taking also means the taking of all or a portion of the Property and any improvements thereon to the extent that the Permitted Use is prevented or, in the judgment of State, the Property is rendered impractical for the Permitted Use. A total taking occurs when the entire Property is taken. A partial taking occurs when the taking does not constitute a total taking as defined above.
- (b) Voluntary Conveyance. The terms "total taking" and "partial taking" shall include a voluntary conveyance, in lieu of formal court proceedings, to any agency, authority, public utility, person, or corporate entity empowered to condemn property.

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- (c) Date of Taking. The term "date of taking" shall mean the date upon which title to the Property or a portion of the Property passes to and vests in the condemnor or the effective date of any order for possession if issued prior to the date title vests in the condemnor.
- 13.2 Effect of Taking. If during the Term there shall be a total taking, the leasehold estate of Tenant in the Property shall terminate as of the date of taking. If this Lease is terminated, in whole or in part, all rentals and other charges payable by Tenant to State and attributable to the Property taken shall be paid by Tenant up to the date of taking. If Tenant has pre-paid rent, Tenant will be entitled to a refund of the pro rata share of the pre-paid rent attributable to the period after the date of taking. In the event of a partial taking, there shall be a partial abatement of rent from the date of taking in a percentage equal to the percentage of Property taken.
- 13.3 Allocation of Award. State and Tenant agree that in the event of any condemnation, the award shall be allocated between State and Tenant based upon the ratio of the fair market value of Tenant's leasehold estate and Tenant-Owned Improvements on the Property and State's interest (a) in the Property, (b) in the reversionary interest in Tenant-Owned Improvements, and (c) in State-Owned Improvements. In the event of a partial taking, this ratio will be computed on the basis of the portion of Property or improvements taken. If Tenant and State are unable to agree on the allocation, it shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

#### SECTION 14 DEFAULT AND REMEDIES

- (a) Tenant shall be in default of this Lease on the occurrence of any of the following:
  - (1) Failure to pay Annual Rent or other expenses when due;
  - (2) Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
  - (3) Failure to comply with any other provision of this Lease;
  - (4) Two or more defaults over a period of time, or a single serious default, that demonstrates a reasonable likelihood of future defaults in the absence of corrective action by Tenant; or
  - (5) Proceedings are commenced by or against Tenant under any bankruptcy act or for the appointment of a trustee or receiver of Tenants' property.
- (b) A default shall become an event of default ("Event of Default") if Tenant fails to cure the default within sixty days after State provides Tenant with written notice of default, which specifies the nature of the default. 14 (b) here (OPTIONAL)

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Upon an Event of Default, State may terminate this Lease and remove Tenant by (c) summary proceedings or otherwise. State may also, without terminating this Lease, relet the Property on any terms and conditions as State in its sole discretion may decide are appropriate. If State elects to relet, rent received by it shall be applied: (1) to the payment of any indebtedness other than rent due from Tenant to State; (2) to the payment of any cost of such reletting; (3) to the payment of the cost of any alterations and repairs to the Property; and, (4) to the payment of rent and leasehold excise tax due and unpaid under this Lease. Any balance shall be held by State and applied to Tenant's future rent as it becomes due. Tenant shall be responsible for any deficiency created by the reletting during any month and shall pay the deficiency monthly. State's reentry or repossession of the Property under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless State gives a written notice of termination to Tenant or termination is decreed by legal proceedings. State may at any time after reletting elect to terminate this Lease for the previous Event of Default.

#### SECTION 15 ENTRY BY STATE

State shall have the right to enter the Property at any reasonable hour to inspect for compliance with the terms of this Lease.

#### SECTION 16 DISCLAIMER OF QUIET ENJOYMENT

As indicated in Section 1.1, this Lease is subject to all valid recorded interests of third parties, as well as rights of the public under the Public Trust Doctrine or federal navigation servitude, and treaty rights of Indian Tribes. State believes that its grant of the Lease is consistent with the Public Trust Doctrine and that none of the identified interests of third parties will materially and adversely affect Tenant's right of possession and use of the Property as set forth herein, but makes no guaranty or warranty to that effect. Tenant and State expressly agree that Tenant shall be responsible for determining the extent of its right to possession and for defending its leasehold interest. Consequently, State expressly disclaims and Tenant expressly releases State from any claim for breach of any implied covenant of quiet enjoyment with respect to the possession of the Property. This disclaimer includes, but is not limited to, interference arising from or in connection with access or other use rights of adjacent property owners or the public over the water surface or in or under the water column, including rights under the Public Trust Doctrine; rights held by Indian Tribes; and the general power and authority of State and the United States with respect to aquatic lands, navigable waters, bedlands, tidelands, and shorelands. In the event Tenant is evicted from the Property by reason of successful assertion of any of these rights, this Lease shall terminate as of the date of the eviction. In the event of a partial eviction, Tenant's rent obligations shall abate as of the date of the partial eviction, in direct proportion to the extent of the eviction, but in all other respects, this Lease shall remain in full force and effect.

Form Date: 07/2003 20 of 25 Agreement No. 22-A02332

#### SECTION 17 NOTICE

Any notices required or permitted under this Lease may be personally delivered, delivered by facsimile machine, or mailed by certified mail, return receipt requested, to the following addresses or to such other places as the parties may direct in writing from time to time:

State: DEPARTMENT OF NATURAL RESOURCES

Shoreline District Aquatics Region

950 Farman Avenue North Enumclaw, WA 98022-9282

Tenant: SEVEN J'S INVESTMENT LIMITED PARTNERSHIP

PO Box 687

Burley, WA 98322

A notice shall be deemed given and delivered upon personal delivery, upon receipt of a confirmation report if delivered by facsimile machine, or three (3) days after being mailed as set forth above, whichever is applicable.

#### SECTION 18 MISCELLANEOUS

- **18.1 Authority.** Tenant and the person or persons executing this Lease on behalf of Tenant represent that Tenant is qualified to do business in the State of Washington, that Tenant has full right and authority to enter into this Lease, and that each and every person signing on behalf of Tenant is authorized to do so. Upon State's request, Tenant will provide evidence satisfactory to State confirming these representations. This Lease is entered into by State pursuant to the authority granted it in Chapters 79.90 to 79.96 RCW and the Constitution of the State of Washington.
- **18.2** Successors and Assigns. This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.
- 18.3 Headings. The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.
- 18.4 Entire Agreement. This Lease, including the exhibits and addenda, if any, contains the entire agreement of the parties. All prior and contemporaneous agreements, promises, representations, and statements relating to this transaction or to the Property, if any, are merged into this Lease.
- 18.5 Waiver. The waiver by State of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. State's acceptance of a rental payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

Form Date: 07/2003 21 of 25 Agreement No. 22-A02332

- 18.6 Cumulative Remedies. The rights and remedies of State under this Lease are cumulative and in addition to all other rights and remedies afforded to State by law or equity or otherwise.
- 18.7 Time is of the Essence. TIME IS OF THE ESSENCE as to each and every provision of this Lease.
- **18.8** Language. The word "Tenant" as used in this Lease shall be applicable to one or more persons, as the case may be. The singular shall include the plural, and the neuter shall include the masculine and feminine. If there is more than one Tenant, their obligations shall be joint and several. The word 'persons," whenever used, shall include individuals, firms, associations, and corporations.
- **18.9** Invalidity. If any provision of this Lease shall prove to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Lease.
- **18.10** Applicable Law and Venue. This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the Superior Court for Thurston County, Washington.
- **18.11** Recordation. Tenant shall record this Lease or a memorandum documenting the existence of this Lease in the county in which the Property is located, at Tenant's sole expense. The memorandum shall, at a minimum, contain the Property description, the names of the parties to the Lease, the State's lease number, and the duration of the Lease. Tenant shall provide State with recording information, including the date of recordation and file number. Tenant shall have thirty (30) days from the date of delivery of the final executed agreement to comply with the requirements of this subsection. If Tenant fails to record this Lease, State may record it and Tenant shall pay the costs of recording upon State's demand.
- **18.12 Modification.** Any modification of this Lease must be in writing and signed by the parties. State shall not be bound by any oral representations or statements.

Form Date: 07/2003 22 of 25 Agreement No. 22-A02332

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

Tenant:

SEVEN J'S INVESTMENT

LIMITED PARTNERSHIP

Dated:

STEVEN JOHNSON

Title:

Limited Partner

Address:

PO Box 687

Burley, WA 98322

STATE OF WASHINGTON

DEPARTMENT OF NATURAL RESOURCES

Dated:

DOUG SUTHERLAND

Title:

Commissioner of Public Lands

Address:

950 Farman Avenue North

Enumclaw, WA 98022-9282

Standard Commercial Lease Approved as to Form July, 2003 by Mike Grossmann

Assistant Attorney General

State of Washington

Form Date: 07/2003

23 of 25

Agreement No. 22-A02332

#### TENANT ACKNOWLEDGMENT

STATE OF <u>Washington</u>	
COUNTY OF Suchamish	) ss )
within and foregoing instrument, a act and deed of said partnership, for that he was authorized to execute to	, 2005, before me personally appeared not be the Limited Partner of the partnership that executed the and acknowledged said instrument to be the free and voluntary for the uses and purposes therein mentioned, and on oath stated said instrument.  The property of the personally appeared the partnership that executed the and acknowledged said instrument and on oath stated said instrument.  The property of the personally appeared to the personally appeared to the personal property of the partnership that executed the and acknowledged said instrument to be the free and voluntary for the uses and purposes therein mentioned, and on oath stated said instrument.
NOTARY	N L. CLARK  F WASHINGTON  PUBLIC  sion Expires 1-22-08
My Commis	announcement of the second of
	(Type/Print Name)  Notary Public in and for the State of Washington residing at:
	residing at: Everett  My Commission Expires: //22/2008

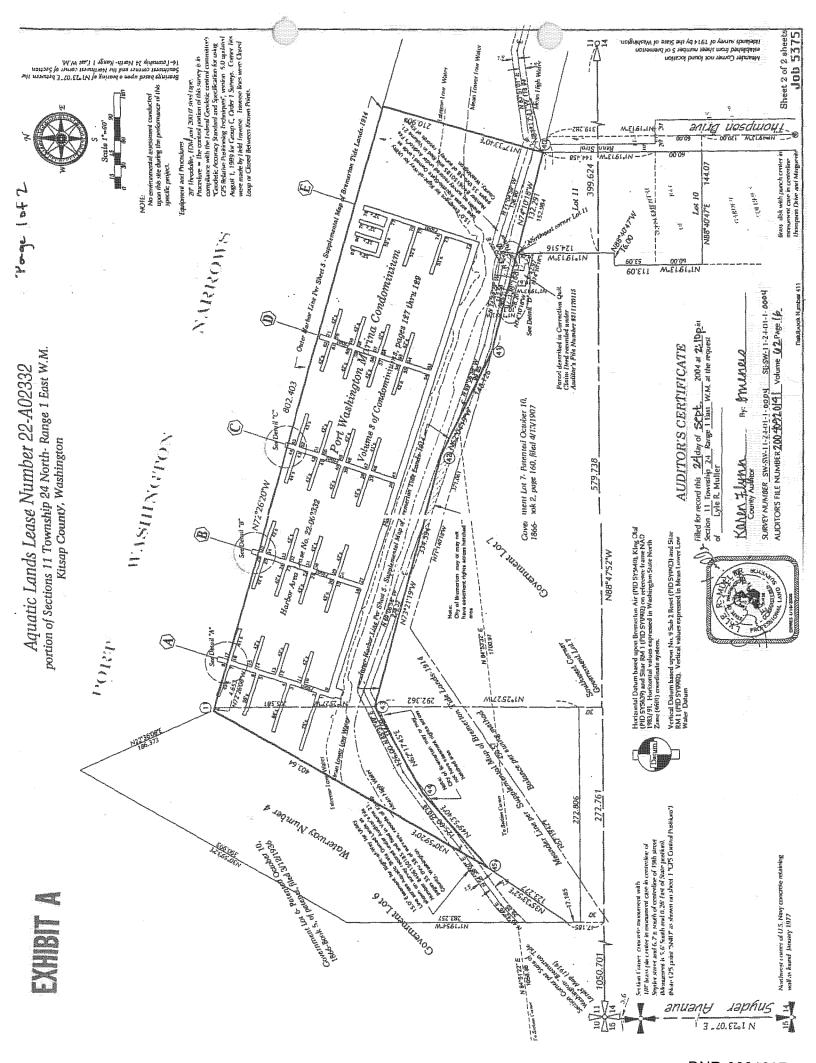
#### STATE ACKNOWLEDGMENT

STATE OF WASHINGTON )

County of

)ss

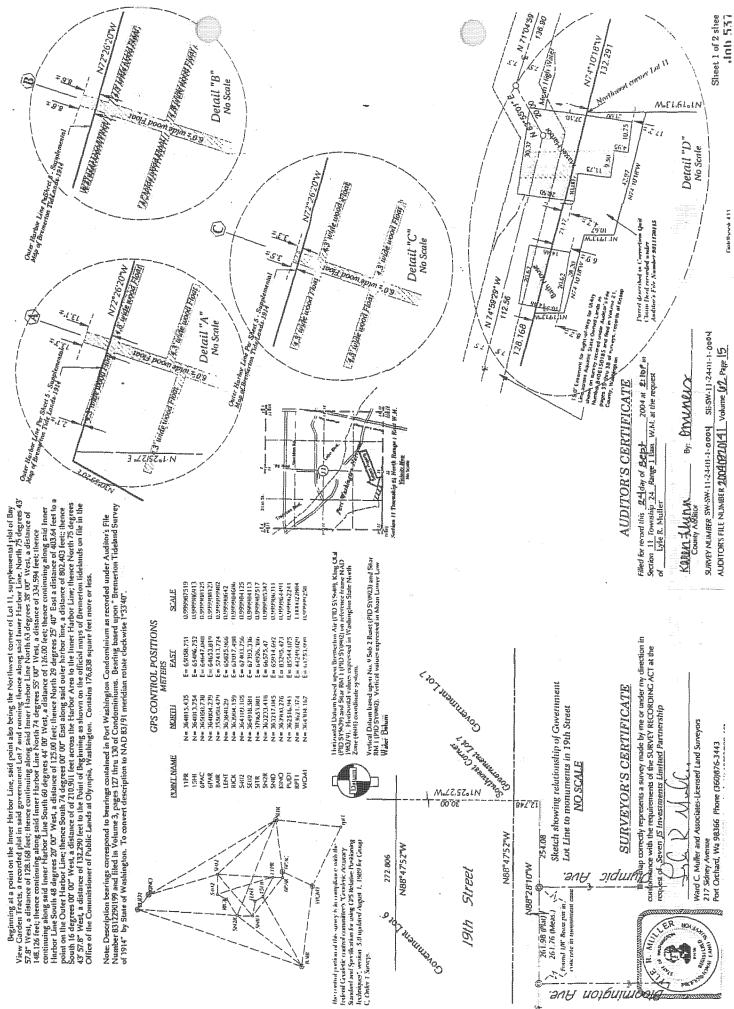
On this 35 day of Jehr wary , 2005 personally
appeared before me DOUG SUTHERLAND, to me known to be the
Commissioner of Public Lands of the Department of Natural Resources, State of Washington, who executed the within and foregoing instrument on behalf of the
State of Washington, and acknowledged said instrument to be the free and
voluntary act and deed of the State of Washington for the uses and purposes
therein mentioned, and on oath stated that [he/she] was authorized to execute said
instrument and that the seal affixed is the official seal of the Commissioner of
Public Lands for the State of Washington.
IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.
Bonita & Hill
Bonita R HILL
(Type/Print Name)
Notary Public in and for the State of Washington
residing at: Duning
My Commission Expires. 5-19-00



# Aquatic Lands Lease Number 22-A02332 portion of Sections 11 Township 24 North-Range 1 East W.M. Kitsap County, Washington

Pool 20f2

## Description



#### **EXHIBIT B**

## PLAN OF DEVELOPMENT, OPERATION, AND MAINTENANCE

LEASE No. 22-A02332

Seven J's Investment Limited Partnership Marina P.O. Box 687 Burley, WA 98322

#### DESCRIPTION OF THE PROPERTY AND FACILITY

The Port Washington Marina is an 80-slip private marina located on the south shore of the Port Washington Narrows, located in Bremerton, Kitsap County, Washington. The adjacent tidelands and uplands are owned and operated by Tenant, Seven J's Investment Limited Partnership, a Washington Partnership formed in 1983. The marina can accommodate vessels up to 60 ft in length. This marina has been in place since 1974

The "Tenant-Owned Improvements" (Section 7.2 of lease) include: Sixty three (63) creosote pilings, one (1) floating house Barge, six (6) floating piers and thirty six (36) finger floats. The marina does allow live aboards and currently less then eight slips are used as a primary residence. The marina currently has one (1) house barge which is not currently lived in. They have one (1) operational pump out which is available to the vessels in the marina and each slip has access to power, water and phone.

The floats appear to be in good shape and we did not witness any exposed Styrofoam.

The building, which is mostly over privately owned tidelands, contains an office, laundry room and restroom facilities.

#### Future use and Conditions

The existing owner will continue the current use as a commercial marina. In the future he plans on expanding the marina to the East. Repairs to the improvements will be made after permits from the appropriate agencies have been received.

Exhibit B 1 of 5 22-074729

#### **SECTION 2 USE**

#### 2.1 PERMITTED USE

Permitted use is for recreational and commercial vessel moorage and marine pump out facility only. Up to 10% of the available slips (eight (8)) can be used as permanent residence as per WAC 332-30-106. The owner states that to the best of his knowledge less than 10% of slips in the marina are being used for residential use.

#### BEST MANAGEMENT PRACTICES

Tenant will adhere to the Best Management Practices (BMP's) set forth in the Department of Ecology's Resource Manual for Pollution Prevention in Marina's handbook as well as any future technological advancements that would improve the safety or environmental aspect of the facility.

#### Requirements

The following operational BMP's are required by Washington State Department of Ecology, and are included in the Resource Manual for Pollution Prevention in Marinas. They include specific methods addressing:

Compliance with BMP's
Education of employees and customers regarding required BMP's
Bilge water management and fueling practices
Hazardous Waste
Used Oil
Sewage management
Solid waste
Spill Prevention and Response

Pollution Prevention for boaters in your marina

#### Steps To Be Taken To Keep Facility In Good Repair

Tenant and/or Marina Manager will make frequent and periodic inspections of the facility to determine if any part of the facility is in need of repair, paying close attention to the BMP's and overall safety of the area.

#### Hazardous Materials

Seven J's Investment Limited Partnership agrees there will be no hazardous materials maintained on the premises, excluding gasoline and/or diesel fuel.

#### Spill Prevention and Response

The marina must purchase enough spill response equipment to respond adequately to the largest credible spill reasonably anticipated. These include but are not limited to: booms, fire extinguishers, pumps and communication devices.

Exhibit B 2 of 5 22-074729

• Clear and easy to understand signage must be posted at the entry of each of the six (6) floating piers. One sign also needs to be located upland at the extreme high water mark and/or entrance to the main float dock.

#### **Pollution Prevention**

Seven J's Investment Limited Partnership agrees to comply with all regulatory requirements relating to pollution control and prevention. Facility policies will be designed to encourage pollution prevention. Tenant will work in good faith, to find the best means possible, to reduce the risk of leakage and/or seepage of wastewater into the natural environment.

#### SECTION 4 RENT

**4.1** Annual Rent. The floating home constructed on the barge by WAC is considered a non water dependant rent. The barge is approximately 20 by 40 feet and will be charged at a non water dependant rate. The annual rent is calculated by multiplying the square footage of the floating home by the assessed adjacent upland square foot value and multiplying that value by .095 (9.5% rate of return). It is the responsibility of Port Washington Narrows to notify the Department if the floating home leaves the marina so that we can adjust the rent. The filled parking lot, buildings and bulkhead will also be charged a non water dependant rent.

#### **SECTION 7 IMPROVEMENTS**

- **7.1 Existing Improvements**. Currently a portion of state owned aquatic lands is being occupied by the following improvements:
  - a. 63 creosote piling
  - b. Concrete bulkhead and fill which supports a portion of the parking lot.
  - c. Rock bulkhead and fill which serves as protection for the uplands.
  - d. Two buildings

At this time the state asserts ownership of the concrete bulkhead and abutting parking area but does not at this time claim ownership of the remaining improvements.

#### 7.3 CONSTRUCTION AND 7.5 UNAUTHORIZED IMPROVEMENTS

The state shall be notified of any repairs that may impact the environment or requiring any regulatory permit approval. Any new construction requires authorization from the State. Any expansion or decrease in the lease description will require an amendment to the lease.

All repairs and replacement to the existing structures must have State's prior consent and must have all regulatory permits approved before any repairs or replacements can commence. Prior to construction, Tenant shall also provide State with documentation showing that Tenant has consulted with (a) the National Marine Fisheries Service (NFMS) and the United States Fish and Wildlife Service (USFWS) as may be required under the Endangered Species Act; and Tenant shall incorporate into its construction plans and implement any measure required by NMFS and USFWS.

Exhibit B 3 of 5 22-074729

All repairs and maintenance to the existing structures will be made of NONTOXIC treated wood, or other environmentally friendly materials, such as concrete, steel or plastic. Where possible, the pier decking should include sections of aluminum grating to allow additional light penetration to the water. The float systems must not have exposed styrofoam. The operations of the facility must meet or exceed all state and federal minimum requirements relating to safety standards, paying attention to the mechanical, electrical, and safety aspects of the dock and floats. Any defects must be corrected as soon as possible.

#### SECTION 8 ENVIRONMENTAL LIABILITY/RISK ALLOCATIONS

## 8.3 CURRENT CONDITIONS, DUTY OF UTMOST CARE, AND DUTY TO INVESTIGATE

Tenant has not performed baseline sampling within the leased area of marina. However, they have removed all man made debris within the leasehold.

**8.4 Notification and Reporting.** Seven J's Investment Limited will notify the State of any violation received from any regulatory agency. In addition to reviewing any plans associated with remedying the violation, the State may attach additional requirements for state-owned aquatic lands.

#### SECTION 9 ASSIGNMENT AND SUBLETTING

9.4 Terms of Subleases. Tenant shall not sublease moorage slips for a term of more than one year without (a) obtaining State's prior written consent; and (b) ensuring that these moorage agreements conform to the sublease requirements in Subsection 9.4 of the Lease. Upland areas and tidelands under fee ownership of the Tenant are primarily devoted to boatyard uses and access to leased aquatic lands. Aquatic lands leased by Tenant are primarily used for marina operations.

#### **SECTION 16 ENTRY BY STATE**

An inventory and site inspection of the Port Washington Marina was conducted by Mark Mauren, Shannon Soto and Melissa Montgomery, of the Department of Natural Resources (DNR) in September of 2004. Routine site inspection by the DNR Land Manager is planned for once a year.

#### **Facility Maintenance**

Regular periodic inspection and regular maintenance will be performed by the Tenant to maintain the improvements located on the aquatic lands leased from the Department of Natural Resources, Division of Aquatic Lands and adjoining tidelands and uplands owned by the Tenant.

Exhibit B 4 of 5 22-074729

The commercial marina will be maintained and operated in accordance with the rules, regulations and requirements imposed by local, state, and federal governmental agencies with jurisdiction over the operations of the Tenant.

#### **SECTION 19 MISCELLANEOUS**

Steven Johnson, Senior Partner is the person or persons executing this lease on behalf of Seven J's Investment Limited Partnership ("Tenant").



RODUCER ox Insurance Group	ONLY AN	RTIFICATE .	SSUED AS A MATTER O	2/11/2004	
912 220th St. S.W., Suite 200	ALTER T	THIS CERTIFICATE			
lountlake Terrace, WA 98043 125) 712-5000	INSURERS				
SURED Seven J's Investments, LLC	INSURER A: C	INSURER A: One Beacon America Insurance Company UNSURER B: INSURER C: UNSURER D:			
PO Box 687	INSURER B:				
	INSURER C:				
Burley WA 98322					
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			PROPERTY DAMAGE (Per accident)	1	
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## SKINNER BONDING

#### **Bond Cancellation Notice**

November 9, 2004

Obligee: State of Washington, Department of Natural Resources - Commissioner or Public Lands

PO Box 47001

Olympia, WA 98504-7001

Regarding:

Lease Bond Cancellation

Please take note that Cumberland Casualty & Surety Company, as Surety, elects to hereby cancel the bond described below.

BOND NUMBER:

MB008008754

PRINCIPAL:

Steven J's Investments, LLC

BOND AMOUNT:

\$25,000.00

BOND EFFECTIVE DATE:

February 10, 2004

THE CANCELLATION OF THE ABOVE REFERENCED BOND BECOMES EFFECTIVE:

February 10, 2005

Rv:

Shanda Wolfe, Attorney-in-Fact

Cc: Principal

Steven J's Investments, LLC 1805 Thompson Dr. Bremerton, WA 98337

Cc: Agent

Tyrisco Insurance Agents, Brokers & Consultants PO Box 55219 Seattle, WA 98155

If you wish to discuss the reason for cancellation, please feel free to contact our office, or your Insurance Agent.

5000 SW Meadows Rd. Suite #399 \* Lake Oswego, OR 97035 (503) 226-6444 \* (800) 473-2640 \* Fax (503) 226-6534

_	CORD CERTIFIC		THIS CERT	TIFICATE IS ISS	UED AS A MATTER C	08/05/2004 OF INFORMATION	
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# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND

Commissioner of Public Lands Olympia, Washington 98504

PERFORMANCE BOND NO. MBOO 860875 4
AQUATIC LANDS LEASE NO. 22-002332

THIS AG	REEMENT is made by and between	SEVEN J'	S INVESTMENTS, LLC	("Tenant"),
and CMB state of	ERIAND CASUALIY & SURETY COMPANY FLORIDA		tion organized under the la norized to transact busines	aws of the
the state of	of Washington ("Surety").			
	REG	CITALS		
A. The Natural R Dollars (\$	es agree that: hey are obligated to the STATE OF V esources as landlord (the "State"), in \$25,000.00****). Tenant and Suret ators, successors, and assigns, jointly	y agree that	they, their heirs, executo	rs,
the 30TH with the S	enant entered or is entering into a least day of JULY , 1998 State, Tenant is required to file a performance of its obligations under	ormance bon	ase"). Under the terms of	the Lease
	ne Lease is recorded with the KITSA number	AP	_ County Auditor's Offic	e under
	CON	DITION		
of the term	tion of this obligation is that, if Tenans and conditions of the Lease, then the in full force and effect.  AGRI			
THEREFO	ORE, the parties agree as follows:			
under the	RETY TO PERFORM Whenever Lease, the Surety shall promptly rer Tenant's obligations under the Lease	nedy the de	fault of the Tenant and s	hall promptly

Form Date 6/1/98

DNR-00018980

Performance Bond

- 2. EXPIRATION DATE The expiration date of this Bond is the 10TH day of 02, 20 05. The expiration date shall be automatically extended, without amendment, each year for an additional period of one year, unless the Surety notifies State and Tenant in writing, not less than ninety (90) calendar days before such expiration that the Surety elects not to renew this Bond. All written notification shall be sent via certified mail to the addresses indicated on this Bond, unless parties designate otherwise in writing. Notice shall be effective three (3) calendar days after mailing.
- 3. PARTIES TO SUIT No right of action shall accrue on this Bond or to the use of any person or corporation other than State.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

TENANT: SEVEN J'S INVESTMENTS, LL  By:	BY: SHANDA WOLFE
(Type or Print Name)	(Type or Print Name)
Its: PARTNER/MANAGER	Its: ATTORNEY IN FACT
Mailing Address: 1805 THOMPSON DR. BREMERTON, WA 98337	Mailing Address: 5000 SW MEADOWS RD. #399 LAKE OSWEGO, OR 97035
Dated: 3 /10/04	Dated: FEBRUARY 10, 2004

STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES

MARK MAUREN

Its: Assistant Region Manager

Dated: 4/19/04

STATE OF WASHINGTON )	
SS.	
COUNTY OF KITSAP)	
person who appeared before me, and is the	ridence that STEVEN C JOHNSON is the President/Secretary/Managing Partner/General  V J'S INVESTMENTS 44C ("Tenant"). I
further certify that said person acknowledg	ed the foregoing instrument to be the free and I purposes mentioned in the instrument, and on oath
DATED: 3/10/2004	
	John I Clark
	Toba 1 Clark
	(Type/Print Name)
*	Notary Public (b) (6) The state of Washington residing at:
	My Commission Expires: 1/22/08.
STATE OF WASHINGTON )	JOHN L. CLARK
	STATE OF WASHINGTON
COUNTY OF Washington )	NOTARY PUBLIC
0	My Commission Expires 1-22-08
I certify that I know or have satisfactory evi	
	President/Secretary/Managing Partner/General
	ed the foregoing instrument to be the free and
	purposes mentioned in the instrument, and on oath
state that he/she is duly authorized to execu-	te and acknowledge said instrument.
DATED: 2-10-04	
	Kelly Falher
OFFICIAL SEAL KELLY ZOLLNER	Kelly Zollner
NOTARY PUBLIC - OREGON COMMISSION NO. 356379 MY COMMISSION EXPIRES APR 3, 2006	(Type/Print Name)
	Notary Public in and for the State of Washington
1	residing at: 9005aumodaloused Lake Crukgo, or 97035
	My Commission Expires: April 3, 2000

Form Date 6/1/98

3 of 4

Performance Bond

STATE OF WASHINGTON )

COUNTY OF King

I certify that I know or have satisfactory evidence that MARK MAUREN is the person who appeared before me, and is the Assistant Region Manager of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES. I further certify that said person acknowledged the foregoing to be the free and voluntary act of the STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES for the uses and purposes mentioned in the instrument, and on oath stated that he is duly authorized to execute and acknowledge said instrument.

Notary Public in and for the State of Washington 

# CUMBERLAND CASUALTY & SURETY COMPANY TAMPA, FLORIDA

#### BOND No MB008008754

KNOW ALL MEN BY THESE PRESENTS: That the Cumberland Casualty & Surety Company, a corporation duly organized under the laws of the State of Florida, having its principal office in the city of Tampa, Florida, pursuant to the following resolution, adopted by the Board of Directors of the said Company on the 11th day of November, 2002, to wit:

"Resolved, that the President of the Company shall have the authority to make, execute and deliver a Power of Attorney constituting as attorney(s)-in-Fact, such persons, firms, or corporations as may be selected from time to time.

Be It further resolved, that the signature of the President, Secretary and the Seal of the Company may be affixed to any such Power of Attorney or any certificate relating thereto by facsimile, and any such powers so executed and certified by facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or consents for the release of retained percentages and/or final estimates on engineering and construction contracts or similar authority or undertaking to which it is attached."

Cumberland Casualty & Surety Company does Hereby make, constitute and appoint

Shanda Wolfe		rney(s)-in-fact, for it and in its	name, to sign, exe	cute,				
acknowledge, deliver, act and deed on its beh	alf in issuing the bond	MB008008754 ir	the amount of	\$25,000.00				
and to bind Cumberland Casualty & Surety Co	ompany thereby as fully	and to the same extent as if s	uch bond or under	taking was				
signed by the duly authorized officer of Cumberland Casualty & Surety Company, and all the acts of said attorney(s)-in-fact								
pursuant to the authority herein given, and her	pursuant to the authority herein given, and hereby ratified and confirmed.							
IN WITNESS WHEREOF, Cumberland Casualty & Surety Company has caused these presents to be								
signed by an officer of the Company and its Corporate Seal to be hereto affixed.								
		CUMBERLAND CASUA	ALTY & SURET	Y COMPANY				
STATE OF FLORIDA )  COUNTY OF HILLSBOROUGH)	SEAL COMMENT OF SEAL O	Joseph M	I. Williams					

On this 11th day of November, A.D. 2002, before me personally came Joseph M. Williams, to me known, who being by me duly sworn, did depose and say; that he resides in the County of Hillsborough, State of Florida; that he is President of Cumberland Casualty & Surety Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instruments is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name, thereto by like order.

Beverly and Jerry

STATE OF FLORIDA

SS

COUNTY OF HILLSBOROUGH)

FUBLIC PUBLIC PU

BEVERLY ANN JERRY
Commission # DD132266
Expires Aug. 22, 2006
Bonded Thru
Atlantic Bonding Co., Inc.

I, the undersigned, Secretary of Cumberland Casualty & Surety Company, a Florida Corporation, that the foregoing and attached POWER OF ATTORNEY remains in full force.

Signed and Sealed at the City of Tampa.

DO HEREBY CERTIFY

Dated the 10th Day of February

Carol S. Black, Secretary

Principal: SEVEN J'S INVESTMENTS, LLC

Bond Type: MISCELLANEOUS LEASE GUARANTEE

Obligee: State of Washington - Dept. of Natural Resources

# SKINNER BONDING

# \*\*\*Notice of Cancellation\*

NOTICE DATE: February 9th, 2004

OBLIGEE:

State of Washington - Dept. of Natural Resources 950 FARMAN AVE. N

ENUMCLAW, WA 98022-9282

PRINCIPAL:

DOUGLAS FAULDS & DONNA ERNST DBA PORT WASHINGTON MARINA

(000)000-0000

LEASE

# 22-002332

AGENT:

HALLER INSURANCE SERVICE (800)326-1257

PLEASE TAKE NOTICE THAT CUMBERLAND CASUALTY & SURETY COMPANY ELECTS TO HEREBY

CANCEL THE BOND DESCRIBED BELOW

BOND DESCRIPTION: MISCELLANEOUS LEASE GUARANTEE

BOND NUMBER:

MB00900073

BOND AMOUNT:

25,000.00

GROSS PREMIUM:

625.00

BOND EFFECTIVE DATE:

July 30th, 2003

IF YOU WISH TO DISCUSS THE REASON FOR CANCELLATION OR TO REINSTATE THIS BOND, PLEASE CONTACT OUR OFFICE AT (503) 226-6444

THE CANCELLATION OF THE ABOVE REFERENCED BOND BECOMES EFFECTIVE:

NIGHTY (90)

DAYS FROM RECEIPT BY THE OBLIGEE

BY

Mary Anne Skinner

ATTORNEY IN FACT

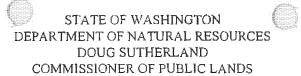
5000 S. W. MEADOWS RD SUITE 399

LAKE OSWEGO, ØR 97035

5000 S.W. MEADOWS RD SUITE 399 - LAKE OSWEGO, OR 97035 (503) 226-6444 - 800-473-2640 - FAX (503) 226-6534

updated 2/11/04

OLYMPIA COPY



#### APPLICATION FOR AUTHORIZATION TO USE STATE-OWNED AQUATIC LANDS

#### I. SUBMISSION OF APPLICATION

NO WORK CAN BE STARTED ON THE PROJECT AREA UNTIL A USE AUTHORIZATION HAS BEEN GRANTED BY THE DEPARTMENT OF NATURAL RESOURCES

Enclose a \$25.00 non-refundable application processing fee with the application (this fee is not required for local, state, and other government agencies). This application form will be reviewed by the Department of Natural Resources upon receipt at the address given below. Applicants will be notified in writing if the application will be accepted for further review. However, this application may be rejected at any time before signed execution of a use authorization.

Please send the completed application form to your region land manager at:

Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

II. APPLICANT INFORMATION	
Date of Application: Nanuary 26 2004	
	E*Equation
Authorization to be Issued To (how name is to appear in the lease do	ocument:
Seven J's Investme	
Address: P.D. Box 1087	
Cinc.	7' 6-1-
City: Sarley State: WA	Zip Code: 98322
Telephone Number: 1253-851-4854	FAX Number: 253 851-4864
	1500
Relationship to Applicant: Sartner	
Address: P.O.Box L87	
City: Surley State: WA	Zip Code: 98322
Telephone Number: 1253 - 951-4854	FAX Number: 057 -851-4864
If Property will be used for business purposes, Applicants' Washingt	on Department of Revenue Tax *Registration Number (Unified
Business Identifier) is Required: (201-122-129	
Appendix and the second	### ##################################
water to the state of the state	
	CAIL USE ONLY
Land Manager: Type: (20, 21, 22, 23	3,31,51)
Land Manager:   New Application	Renewal Application ZZ-A0Z33Z
Land Manager: Initials	Aquatic Program Manager Initials
Support: Application Fee Received	2/4/04 Date
	The same and the s
Land Records: New Application Num	ther
Land Records: Trust 25	County 18 AQR Plate No. TF18-018
10	
VI I	Note 3

1

Long Form Application

Revised: January 8, 2003

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1's Investor 687	ard and adjac	ent to the Property:	
State: LDA 2	Zip Code: 98	322 Phone	e Number: 25R-851-485
CENT TIDELAND, SHO	ORELAND, O	OR UPLAND PROPI	ERTY MAY BE REQUIRED
s, upland, and/or adjacent	t tideland pro	perties:	
se of the Property. Cu	rent	use Di.	nce 1983,
to another party? Yes	(No)	(If yes, submit a c	opy of the sublease agreemen
of the site? Mar	ina		
		1	of past uses or practices that
as been placed on the pro	perty in ques	tion? If yes, please e	explain: No
S -1	cent TIDELAND, SHOOF THE ADJACENT LAS, upland, and/or adjacent to another party? Yes of the site?  Ito another party? Yes of the site?  Intamination of the site by by such substances? If so as been placed on the product of the prod	cent tideLand, ShoreLand, Cof the Adjacent tideland project of the Property.  Ito another party? Yes  of the site?  Marina  ntamination of the site by toxic or haza by such substances? If so, please explain	ntamination of the site by toxic or hazardous substances, or

Long Form Application

#### V. IMPROVEMENTS

PHYSICAL IMPROVEMENTS ARE STRUCTURES PLACED ON THE LAND THAT CANNOT BE REMOVED WITHOUT DAMAGE TO THE LAND. EXAMPLES OF SUCH STRUCTURES INCLUDE PILINGS, DOLPHINS, PIERS, WHARVES, ILING-SUPPORTED BUILDINGS, STRUCTURES BUILT ON FILL OR CONCRETE FOUNDATIONS, BURIED PIPELINES AND CABLES, AND SUPPORT STRUCTURES FOR BRIDGES.

1.	What physical improvements currently exist on the site? (Photos may be required.)
2.	If there are physical improvements currently on the site, who owns them? Seven J's  Investments
3.	If there are physical improvements currently on the site, describe their condition:
4.	Which, if any, of the existing physical improvements will be removed, remodeled, or reconstructed?
5.	Describe any physical improvements that the applicant is proposing to construct on the site:
6.	Has any fill material been placed on the site? If Yes, please describe:

#### VI. LOCAL, STATE, AND FEDERAL REGULATORY PERMITS

PIES OF ALL GOVERNMENT REGULATORY PERMITS ARE REQUIRED BEFORE ISSUANCE OF A DNR USE AUTHORIZATION. YOUR PROJECT MAY REQUIRE SOME OR ALL OF THESE PERMITS.

Please include the following permit applications, permits, or waivers with the application:

#### JARPA (Joint Aquatic Resource Permit Application)

This one form is used to apply for all of the following individual permits:

- 1. <u>Section 10 Permit</u> (Required by the US Army Corps of Engineers for any work in or affecting navigable waters, e.g., floats, docks, piers, dredging, pilings, bridges, overhead power lines.)
- 2. Shoreline Substantial Development, Conditional Use, Variance Permit or Exemption (Issued by Local Government, and is required for work or activity in the 100 year floodplain, or within 200 feet of the Ordinary High Water mark of certain waters; and which included any one of the following: dumping, drilling, dredging, filing, placement or alteration of structures or any activity which substantially interferes with normal public use of the waters.)
- 3. <u>Hydraulic Project Approval</u> (Required by the Department of Fish and Wildlife if the project includes work that will use, divert, obstruct, or change the natural flow or bed of any fresh or salt water of the state.)
- 4. <u>Section 404 Permit</u> (Required by the US Army Corps of Engineers if your project will discharge or excavate any dredged or fill material waterward of the Ordinary High Water mark or the Mean Higher High Tide Line in tidal areas.)
- 5. <u>Section 401 Water Quality Certification</u> (Required by the Department of Ecology if a Section 404 permit is required.)

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Revised: January 8, 2003

#### NPDES (National Pollutant Discharge

hination System Permit

Required by the Department of Ecology under delegated authority from the Federal Environmental Protection Agency for projects that include the discharge of fluid on or into surface water.

#### SPA (State Environmental Policy Act) Checklist and Environmental Assessments

When you submit a permit application to any agency, if the project is not exempt, the lead agency will ask you to fill out an environmental checklist. Based on checklist answers and the reviewers knowledge of the project site, agency personnel will determine the types of impacts the project may have on the environment. The agency assessments may be the following forms: Determination of Nonsignificance, Determination of Significance, scoping documents, draft or final Environmental Impact Statements (EIS) or others prepared for the purpose of compliance.

Describe any habitat mitigation required by any of the permitting agencies identified above and identify where such mitigation is
roposed to occur: 1) ne

#### VII. PROPERTY SURVEY

#### Guidelines for all Surveys of Easements or Lease Sites:

- 1. The location of the easement areas or lease sites shall be surveyed by a Washington State Professional Land Surveyor and the survey is a part of the application. This survey must comply with the standards set forth in Title 58 RCW and WAC 332-130; and a Record of Survey shall be submitted showing the results of the survey and the location of the easement or lease site applied for. A copy of the preliminary survey must be submitted for review and approval prior to approval of the agreement. The final Record of Survey shall be filed with the proper county auditor. An additional two full size copies and one 8-1/2"x11" copy that include the auditor's recording information shall be submitted to the Department's Manager of the specific project.
- 2. The survey shall provide the name of the applicant, the purpose of the easement or lease site, and the application number assigned by the Department of Natural Resources.
- 3. Distances and directions to any lease site from two or more controlling corners of a recorded subdivision, recorded survey, or wernment survey (GLO) corners must be provided.
- 4. The survey shall be related by meridian and coordinate to the Washington Coordinate System NAD'83(1991) by closed ties to NGS Control monuments, or the extension thereof. The designation of the control stations used shall appear on the plat.
- 5. Proposed easement or lease site boundaries must be clearly shown with distances and directions of all boundary lines. The area shall be shown to an accuracy of  $(\pm)0.5\%$  of the total area or  $(\pm)$  10 square feet, whichever is greater, and the plat shall provide the lineal footage along the center line of a linear easement.
- 6. The complete alignment information and width of a linear lease shall be shown, including any necessary curve data. For a lease which encroaches on a previously leased site, the boundary for the senior lease in the vicinity of the proposed lease shall also be shown, together with ties between the two leases sufficient to determine the full extent of the encroachments.
- 7. A narrative legal description which describes the actual area proposed for an easement or lease site must be prepared, and shown upon the Record of Survey.
- 8. The survey must show a detailed plan of improvements to be constructed or already existing on the proposed area. All structures and improvements must be shown in sufficient detail to determine what they are used for and to ensure they are entirely within the lease area. The location of any proposed utility shall be shown. Upon completion of the proposed improvements, if any portion of the improvements are located outside of the granted lease site, a revised survey and legal description shall be prepared and submitted for the as-built locations. In this instance, a new application for an amended lease site may be required if the as-built location creates adverse impacts. In the case of linear leases across the bed lands of the sound or the ocean, an as-built Record of Survey and a revised legal description of the linear lease must be provided.
- 9. Any other data necessary for the complete and intelligent understanding of the information shown on the survey should be provided. If, in the opinion of the department, such information is lacking, the survey may be rejected.

Long Form Application

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Revised: January 8, 2003

Notes for Surveys of all Lease Sites:

If questions arise regarding the items identified in these guidelines, or variance of the requirement of State Plane Coordinates is needed, asse contact the Land Survey Section of DNR, at phone number (360)902-1182.

See the following for additional guidelines as appropriate for a specific agreement. Effective date: August 1, 2000

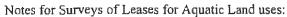
- 10. Additional Guidelines for Surveys of Upland Leases or Easements:
- (A) For a lease or easement crossing a section line or state ownership boundary, ties shall be provided to the centerline of a linear lease or easement along the section or subdivision line from the nearest appropriate Public Land Survey System (PLSS) section corner, quarter section or subdivision corner, where the linear lease enters and leaves the section or state ownership.

For a lease site falling entirely within one section and does not cross a section line or state ownership boundary, ties from both end points of the linear easement to PLSS corners or other subdivision corners shall be provided.

- 11. Additional Guidelines for Surveys of Communication Sites:
- (A) Ties shall be made to the corners of previously monumented communication sites adjacent to, or in the immediate vicinity of the communication site being applied for, and access to the site shall be shown.
- (B) The corners of the communication site, as described and granted, shall be marked by substantial permanent magnetically locateable monuments. The monuments shall be in place and obviously marked on the ground after the construction of installations and improvements.
- (C) The center of any communication site tower shall be identified on the plat by Washington Plane Coordinates, NAD83(1991), or latitude and longitude having an accuracy of and showing 3 decimals of a second. On all communication sites where towers or beam paths are shown, an elevation is required at the base of the tower. The tower height, and the height of the antenna or microwave dish shall be shown, and any beam path used shall have the diameter and tilt thereof shown. The elevation shall be derived from an established bench mark in the vicinity of the site, or an elevation designated by the Department of Natural Resources.
- 12. Additional Guidelines for Surveys of Leases for Aquatic Land uses:
  - (A) Where applicable, the survey of aquatic lands must show the location of the following lines for:
- (1) Tidal areas Government meander line, line of mean high tide, line of mean low tide, and line of extreme low tide. The survey must include the name of tidal bench mark(s) used or describe the alternate method employed for determining a Tidal Datum. For lease areas which contain tidelands and bedlands, at a minimum the location of the line of extreme low tide crossing the lease area must be shown. For lease areas containing bedlands exclusively may be required to show the relationship to the line of extreme low tide and the -18 foot contour line only.
- (2) Lakes Government meander line, line of ordinary high water (original ordinary high water if the lake has experienced artificial raising or lowering of the water level), and line of ordinary low water (include source of data) and line of navigability if established.
- (3) Rivers Line of ordinary high water and line of ordinary low water (include source of data) and line of navigability if established.
- (4) Where they exist, the survey must show the location of lots and blocks of platted tide lands or shore lands, inner and outer harbor lines, waterway lines, street boundaries, any local construction limit lines, and easements of record within the lease site.

These lines must be shown in sufficient detail to compute and show the area of each area of State-owned bedlands, tidelands, shore lands, harbor area, or waterways included within the proposed lease site.

(B) For lease sites which contain existing or proposed structures and improvements that are classified as "non water-dependent" or "water oriented" uses as described within RCW 79.90.465 and WAC 332-30-106, the square footage of each structure and improvement shall be provided.



1. The lease of aquatic lands is often subject to preference rights. Applicants and surveyors should carefully determine the direction, and pw details of the proration of coves and irregular shorelines.

Effective date: August 1, 2000

All answers and statements are true and correct to the best of my knowledge.

Applicant Steven C. Johnson (Please Print)

(Applicant of Authorized Signature)

Title Partner

Company Seven J's Insestments

Date January 23 2004

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

22-H02332

## LOAN SECURITY AGREEMENT

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5.	NOTICE OF DEFAULT	2
6.	NOTICE OF DEFAULT UNDER THE LEASE	2
7.	PERFORMANCE BONDS	2
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# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### LOAN SECURITY AGREEMENT

## LOAN SECURITY AGREEMENT NO. 22-002332

THIS AGREEMENT is made by and between SEVEN J'S INVESTMENTS LIMITED PARTNERSHIP, a Washington Limited Partnership ("Lessee"), and FRONTIER BANK, a Washington Corporation ("Lender").

#### BACKGROUND

- A. Lessee entered into a lease, known as Lease No. 22-002332 dated the 1st day of August, 1993 and recorded with the N/A County Auditor's office under recording number N/A (the "Lease"), with the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State").
- B. Lessee desires to obtain a loan from Lender for purchase of marina and associated buildings on the property described in the Lease. Lender is making a loan ("Loan") in the amount of One Million Five Hundred Forty Thousand Dollars (\$1,540,000) to Lessee, which Loan is evidenced by a promissory note. To induce Lender to make the Loan, Lessee has agreed to grant to Lender a security interest in all Lessee's interest in the Lease. State consents to the assignment for security purposes, based upon the assurances and Agreements set forth in this Agreement.

Therefore, the parties agree as follows:

#### SECTION 1 SECURITY INTEREST

For valuable consideration, Lessee hereby grants to Lender a security interest in all of Lessee's rights, title, and interest in the Lease.

#### SECTION 2 SECURED OBLIGATIONS

The security interest granted in this Agreement is given to secure payment of a promissory note executed by Lessee in favor of Lender.

### SECTION 3 TRANSFER OR ASSIGNMENT OF THE LEASE

A transfer of Lessee's interest to Lender shall occur on either of: (i) the voluntary surrender of all rights or (ii) a court order requiring transfer. In the event of a transfer or assignment of the Lease

Form Date: 10/2003

1 of 6

to Lender pursuant to this Agreement, Lender shall assume the obligations as Lessee under the Lease, including curing any prior curable defaults. Lender shall also faithfully perform and discharge Lessee's obligations according to the terms of the Lease. State will acknowledge the transfer upon a reaffirmation by the Lender at the time of the transfer that Lender has assumed the obligations as Lessee under the Lease, including curing any prior defaults, and has posted a new bond or other security.

## SECTION 4 TRANSFER OR ASSIGNMENT OF MORTGAGE

Lessee shall promptly provide written notice to State of any transfer of control of the mortgage (or deed of trust) covered by this Agreement, including transfers by sale, assignment, bequest, inheritance, operation of law, or other disposition.

### SECTION 5 NOTICE OF DEFAULT

Lender, upon providing Lessee notice of: (i) default under the loan documents, (ii) default under this Agreement, or (iii) demand to remedy a claimed default, shall contemporaneously provide a copy of that notice to State.

# SECTION 6 NOTICE OF DEFAULT UNDER THE LEASE

State, upon providing Lessee notice of: (i) default under the Lease, (ii) an intention to terminate the Lease, or (iii) demand to remedy a claimed default, shall make a good faith effort to contemporaneously provide a copy of that notice to Lender. From and after the time notice has been given to Lender, Lender shall have the same period of time for remedying any default or causing the same to remedied as is given Lessee under the Lease. State shall accept the performance of the Lender as if performed by the Lessee. All written notification shall be sent via certified mail to the addresses indicated in this Agreement, unless the parties designate otherwise in writing.

### SECTION 7 PERFORMANCE BONDS

In the event of a default under the Lease, the State reserves the first right for claim against any bond or other security posted by Lessee to guarantee performance of its obligations under the Lease. However, Lender may pay those amounts due to State, and prevent a claim from being filed against the bond(s). In the event that Lender assumes the obligations of Lessee under the Lease, Lender shall post a new performance bond or other security to guarantee performance of its obligations under the Lease.

#### SECTION 8 WAIVER

Execution of this Agreement by State does not waive any rights to insist upon strict performance by Lessee of the terms of the Lease or any other right State may have.

Form Date: 10/2003

2 of 6

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

		INVESTMENTS, LA
Dated: <u>Rec. 19</u> , 2003	By: 5	Topasa POA
		MILDRED G. JOHNSON
	Title:	General Partner
	Address:	(b) (6)
	Λ	Seattle, WA 98113
	FRONTIER	MANY
Dated: DEZ 22 , 2003	/\/ <b>/</b> /	
Description of the second seco	DJ.	MATTHEW F. KOVER
	Title:	Vice President and Manager
	Address:	10705 Silverdale Way NW
		PO Box 3075
		Silverdale, WA 98383
	STATE OF V	VASHINGTON
		NT OF NATURAL RESOURCES
Dated: 17/29,2003	By: ///	h
June	<i>D</i> y. <u>Z </u>	MARK MAUREN
	Title:	Assistant Region Manager
	Address:	Shoreline District Aquatics Region
		950 Farman Avenue North Enumclaw, WA 98022-9282
Standard Loan Security Agreement		•
Approved as to Form in October 2003		PRODUED)
By Mike Grossmann Assistant Attorney General		
State of Washington		

3 of 6

Form Date: 10/2003

#### CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON	)	
	)	S
COUNTY OF KING	)	

On this 19<sup>th</sup> day of December, 2003, before me personally appeared STEVEN JOHNSON to me know to be the limited partner of the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument under the terms of special power of attorney from Mildred G. Johnson, general partner.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

DATED: December 19, 2003

C.A. McComb

Notary Public in and for the State of Washington

Residing at: Bainbridge Island My commission expires: 1/18/2006

# CORPORATE ACKNOWLEDGMENT

COOMI	or knoop	
	personally appeared MATTHE President and Manager of the construment, and acknowledged deed of said corporation, for the stated that he was authorized to	WF. KOVER to me known to be the Vice orporation that executed the within and foregoing said instrument to be the free and voluntary act and e uses and purposes therein mentioned, and on oath execute said instrument.
	seal the day and year first above	e written.
	MARCELLA DASHNER NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES MAY 5, 2007	Notary Public in and for the State of

Form Date: 10/2003

5 of 6

Loan Security Agreement 22-002332

My appointment expires May 5007

## STATE ACKNOWLEDGMENT

	O I I I I I I I I I I I I I I I I I I I	A second
STATE OF W	VASHINGTON)  SS  King )	
	appeared before MARK MAUR Manager of the Department of N executed the within and foregoin Washington, and acknowledged and deed of the State of Washing and on oath stated that he was a	REN, to me known to be Assistant Region Natural Resources, State of Washington, who and instrument on behalf of the State of I said instrument to be the free and voluntary act agton for the uses and purposes therein mentioned, authorized to execute said instrument and that the of the Commissioner of Public Lands for the State
	IN WITNESS WHEREOF, I has first above written.  C. MCANISSION NOTARY B.  PUBLIC	Fibelia C. McKin key  (type or print name)  Notary Public in and for the State of Washington, residing at  My appointment expires  [1.159/04]
64.6	O WASHINGTON	

Form Date: 10/2003

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

## CONSENT TO ASSIGNMENT OF LEASE FOR SECURITY PURPOSES

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# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### CONSENT TO ASSIGNMENT OF LEASE FOR SECURITY PURPOSES

#### **AGREEMENT NO. 22-002332**

THIS CONSENT is made by and between the STATE OF WASHINGTON, acting through the Department of Natural Resources (the "State"), and SEVEN J'S INVESTMENTS LIMITED PARTNERSHIP, a Washington Limited Partnership ("Lessee"), and Frontier Bank, a Washington Corporation ("Lender").

#### **BACKGROUND**

- A. Lessee entered into a lease, known as Lease No. 22-002332, dated the 1st day of August, 1993, and recorded with the N/A County Auditor's office under recording number N/A (the "Lease") with State.
- B. Lender has agreed to make a loan to Lessee in the amount of One Million Five Hundred Forty Thousand Dollars (\$1,540,000) (the "Loan"). Part of the security for payment of the Loan is an assignment of the Lease. The Lease prohibits such an assignment without State's consent. State is willing to give its consent based upon the assurances and agreements made in this Agreement.

Therefore, the parties agree as follows:

#### SECTION 1 LESSEE'S REPRESENTATIONS

Lessee represents and warrants to State and to Lender that (i) the Lease is in full force and effect, (ii) Lessee is not in default or breach of the Lease, (iii) Lessee has no knowledge of any claims, offsets or defenses under the Lease or against State, (iv) the rents due subsequent to the assignment have not been paid in advance, (v) to the best of its knowledge, the property which is described in the Lease is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws, and (vi) the Lease, a copy of which is attached, represents the entire agreement between State and Lessee and has not been modified or amended except as follows: Amended by Assignment dated December 11, 2003 attached as Exhibit A.

Form Date: 10/2003

1 of 7

Consent to Assign...for Security Purposes 22-002332

#### SECTION 2 STATE CONSENTS TO THE ASSIGNMENT OF LENDER

In the event of foreclosure of the Lender's security interest or delivery of an assignment of lease in lieu of foreclosure and upon Lender notifying State of the completion of such foreclosure or assignment in lieu of foreclosure, the Lease shall continue in full force and effect as a direct lease between Lender and State. Lender shall be fully liable for all obligations of Lessee under the Lease. The notice to State shall specifically confirm that Lender has acquired Lessee's interest in the Lease and that it is assuming the Lessee's obligations under the Lease, including curing any prior defaults. Prior to such foreclosure or assignment and notification as set forth above, Lender shall not be liable for any of the obligations of Lessee under the Lease. This Consent shall not apply to any assignee of Lender or any purchaser of Lessee's interest other than Lender.

#### **SECTION 3 NOTIFICATION OF DEFAULT**

State will exercise a good faith effort to send to Lender a copy of any notices of default it issues to Lessee. Failure to provide notices to Lender shall not relieve Lessee of its obligations under the Lease nor extend the time in which Lessee has the right to cure the default. State grants to Lender the same time to cure any default as is provided to Lessee under the Lease. This time to cure shall commence upon State's provision of notice of the default to Lender. If Lessee's interest has been terminated because of the default before Lender has had an opportunity to cure the default, then State will grant Lender an option to enter into a new Lease on the same terms and conditions provided Lender cures the default of Lessee within the time permitted in the Lease.

#### **SECTION 4 COLLECTION ON BONDS**

If Lessee defaults on the Lease, State reserves the right to collect on any bonds posted by Lender for the benefit of State. Lender acknowledges that its interest in the bonds are inferior to those of State. Lender will post a new bond in favor of State in accordance with the terms of the Lease if it acquires Lessee's interest as a result of a foreclosure or assignment in lieu of foreclosure.

#### SECTION 5 NOTICE

Any notice to Lender shall be to the following address or other address as may be designated by Lender in writing to State and shall be deemed to have been given on the date delivered in the case of personal delivery, or if mailed, three (3) days after the postmark thereof:

Manager FRONTIER BANK 10705 Silverdale Way NW PO Box 3075 Silverdale, WA 98383

Form Date: 10/2003

2 of 7

Consent to Assign...for Security Purposes 22-002332

DEPARTMENT OF NATURAL RESOURCES Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

#### SECTION 6 CONSENT OF LENDER

No agreement between State and Lessee modifying, canceling, or surrendering the Lease shall be effective without the prior written consent of Lender.

#### SECTION 7 RATIFICATION OF LEASE

Except as expressly modified herein, the lease remains in effect as is hereby ratified and confirmed.

Form Date: 10/2003

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

				SEVEN J'S	SINVESTMENTS, LP
Dated:	\$	19	, 2003	Bv. 57	to brand a pop
Dated	yes	- ( /	, 20	DJ	MILDRED G. JOHNSON
				Title:	General Partner
				Address:	(b) (6)
					Seattle, WA 98112
				FRONTIE	RBANK
Dated:	()R	22	2003	By:	
Dated		,	200	by.	MATTHEW F. KOVER
				Title:	Vice President & Manager
				Address:	10705 Silverdale Way NW
				riddress.	PO Box 3075
					Silverdale, WA 98383
				STATE OF	WASHINGTON
					MENT OF NATURAL RESOURCES
	10	120	20.42	2/	Mu
Dated: _		127	, 20 <u>0</u> 3	Ву: //	MARK MAUREN
				Title:	Assistant Region Manager
				Address:	Shoreline District Aquatics Region 950 Farman Avenue North
					Enumclaw, WA 98022-9282
Standard	Consent to	Assignment for	r Securit	v Purnoses	1
		in October 20		,Popen	PHOPFED
	Grossmann				-(10
	t Attorney Go	eneral			
	Washington	7-27/27			
	013				

4 of 7

Form Date: 10/2003

Consent to Assign...for Security Purposes 22-002332

#### CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON	)	
	)	SS
COUNTY OF KING	)	

On this 19<sup>th</sup> day of December, 2003, before me personally appeared STEVEN JOHNSON to me know to be the limited partner of the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument under the terms of special power of attorney from Mildred G. Johnson, general partner.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

DATED: December 19, 2003

Um e Comp

# CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON )

Form Date: 10/2003

	) ss	
COUNT	Y OF Kiltap )	
	President and Manager of the cor instrument, and acknowledged sa deed of said corporation, for the stated that he was authorized to e IN WITNESS WHEREOF, I hav	F. KOVER to me known to be the Vice poration that executed the within and foregoing aid instrument to be the free and voluntary act and uses and purposes therein mentioned, and on oath execute said instrument.
	seal the day and year first above	Margan Arthus
	MARCELLA DASHNER NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES MAY 5, 2007	Notary Public in and for the State of which residing at Ambus funk.  My appointment expires My 5 m7.

# STATE ACKNOWLEDGMENT

STATE OF	WASHINGTON )	
County of	King )ss	
	appeared before me M Manager of the Depart executed the within an Washington, and ackn and deed of the State of and on oath stated that seal affixed is the office of Washington.	ARK MAUREN, to me known to be Assistant Region trument of Natural Resources, State of Washington, who and foregoing instrument on behalf of the State of nowledged said instrument to be the free and voluntary act of Washington for the uses and purposes therein mentioned the was authorized to execute said instrument and that the cial seal of the Commissioner of Public Lands for the State EOF, I have hereunto set my hand and seal the day and ye
FLOND FLOND	PUBLIC  FURNITARY AND	Notary Public in and for the State of Washington, residing at Sectle Leave My appointment expires 6/29/04

7 of 7

# EXHIBIT A

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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CONS	SENT TO ASSIGNMENT BY STATE				. 3
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EXHIBIT A: ASSIGNMENT OF LEASE DATED NOVEMBER 14, 1995

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

#### NOTICE OF AND CONSENT TO ASSIGNMENT AGREEMENT NO. 22-002332

THIS AGREEMENT is made by and between DOUGLAS R. FAULDS AND DONNA R. ERNST, a Washington corporation, whose address is (b) (6) Edmonds, WA 98020 ("Assignor") and SEVEN J'S INVESTMENTS, a Washington limited liability company, whose address is PO Box 687, Burley, WA 98322 ("Assignee").

#### BACKGROUND

- A. Lease No. 22-002332 was entered into on the 1st day of August, 1993, by and between PORT WASHINGTON MARINA CONDOMINIUM OWNER'S ASSOCIATION as Lessee and the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State"), and recorded with the Kitsap County Auditor's office under recording number N/A (the "Lease").
- B. The lease was previously amended by Assignment respectively dated November 14, 1995. A copy of the Assignment is attached as Exhibit A. Assignor now possesses the rights, duties, and liabilities under the Lease as amended.
- C. Assignor desires to assign and Assignee desires to assume the rights, duties, and liabilities of Lessee under the Lease. Assignor acknowledges the receipt and adequacy of consideration given by Assignee for this assignment. The Lease prohibits an assignment without State's consent. State is willing to give its consent based upon the assurances and agreements made in this Agreement.

THEREFORE, the parties agree as follows:

#### SECTION 1 NOTICE OF ASSIGNMENT

Assignor gives notice of its intent to assign all of its rights, title, and interest as Lessee under the Lease to Assignee effective the 11<sup>th</sup> day of December, 2003 for the balance of the lease term as provided in the Lease.

#### SECTION 2 ACCEPTANCE AND INDEMNIFICATION

Assignee gives notice of its intent to assume the obligations as Lessee under the Lease, and agrees to faithfully perform and discharge those obligations according to the terms of the Lease.

Form Date 06/98

1 of 6 Agreement No. 22-002332

#### **SECTION 3 NO RELEASE**

State is not releasing Assignor from fully performing the provisions of the Lease. Assignor remains liable to State to the same extent as if no assignment had been made.

#### SECTION 4 MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

Assignor agrees that State and Assignee may change, modify, or amend the Lease in any way, including the rent to be paid. The assignment and any modification or amendment to the Lease shall occur contemporaneously. Assignee acknowledges receipt of a copy of the Lease and any previous or contemporaneous amendments. Assignor acknowledges receipt of a copy of the amended Lease. Further assignments may be made, without notice to or consent of Assignor, and without in any manner releasing or relieving Assignor from liability under the Lease. Assignor shall remain liable under all the terms, covenants, and conditions of the Lease as to the end of the term of the Lease.

#### **SECTION 5 WARRANTIES**

Assignor represents and warrants to State and to Assignee that (i) the Lease is in full force and effect; (ii) Assignor is not in default or breach of the Lease; (iii) Assignor has no knowledge of any claims, offsets, or defenses of any lessee under the Lease; (iv) rents due subsequent to this assignment have not been paid in advance by any lessee; and, (v) to the best of Assignor's knowledge, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws. Assignor shall defend, indemnify and hold State harmless from any breach of the foregoing warranties and from any claims or causes of action, known or unknown, of Assignor that have or may arise from circumstances that precede this assignment.

#### **SECTION 6 NOTICE**

Assignor instructs State to send all future notices to Assignee. Assignee has the obligation to keep Assignor informed about the activities on the property and Assignee's performance of its obligations under the Lease. Assignee shall send to Assignor copies of any notices it receives or sends to State. Assignor has the obligation to remain informed of Assignee's activities on the property, Assignee's performance of its obligations under the Lease, and Assignee's financial condition. State has no obligation to provide Assignor any notice or information concerning the Lease or Assignee and Assignor shall not rely on State to inform Assignor.

Form Date 06/98

Agreement No. 22-002332

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below. Assignee: SEVEN J'S INVESTMENTS DEC 1 1 21103 Dated: STEVEN JOHNSON Title: Senior Partner Assignor: DOUGLAS R. FAULDS & DEC 1 1 2003 Dated: OUGLAS R. FAULDS DEC 1 1 2003 DONNA R. ERNST Title: Co-Owners CONSENT TO ASSIGNMENT BY STATE In consideration of the foregoing, State consents to the Assignment of the Lease to Assignee. However, State expressly conditions this consent on the understanding that neither State's consent nor its collection of rent from Assignee shall be a waiver of the covenant against future assignments or subletting. Furthermore, State's acceptance of Assignee as Lessee shall not be construed as releasing Assignor from full performance of the provisions of the Lease. Except as set forth in this Agreement, no provision of this consent alters or modifies any of the terms and conditions of the Lease, including the requirement that the written consent of the State be obtained before any further assignment of the Lease or subletting of the property occurs. STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES 12/18,2003 MARK MAUREN Title: Assistant Region Manager Standard Assignment of Lease Approved as to Form on June 1, 1998 by Michael S. Grossman Assistant Attorney General, State of Washington

3 of 7

Form Date 06/98

Agreement No. 22-002332

# ASSIGNOR ACKNOWLEDGMENT

STATE OF	Washington					
		) ss				
COUNTY OF_	King					
						) 
					, 20_03	
	eared DOUGLAS					
that executed the	he within and for	egoing instrun	nent, and	acknowledged	l said instrume	nt to be the
free and volunt	tary act and deed	of said corpor	ation, for	the uses and p	ourposes therein	n mentioned
and on oath sta	ited that he was a	uthorized to ex	kecute sai	d instrument.		
	IN WITN	IESS WHERE	OF, I hav	e hereunto set	my hand and	affixed my
official seal the	e day and year fir	st above writte	en.			•
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# ASSIGNOR ACKNOWLEDGMENT

STATE OF _	Washington						
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COUNTY OF					Separate and the separa		
	On this 11th	_ day of	December	, 20 <u>03</u> , befor	re me		
	personally appear	ed DONNA	R. ERNST to me k	cnown to be the Ow	mer of the		
	corporation that executed the within and foregoing instrument, and acknowledged						
			and voluntary act a				
			mentioned, and on	oath stated that she	was		
	authorized to exec	cute said in	strument.		1		
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	S NOTARLE		Notary Public in a	nd for the State of	Washington		
	A	n g	residing at: Bai	nbridge Island			
	TO STATE	/ /	My Commission E	Expires: 1/18/	2006 .		

# ASSIGNEE ACKNOWLEDGMENT

STATE OF _	Washington		r (Constitution of the Constitution of the Con
COUNTY OF	King	) ss )	
	personally appear of the company the acknowledged sa company, for the was authorized to power of attor	red STEVER hat executed id instrumer uses and pu execute sai ney from N HEREOF, I	December , 2003, before me *Limite N JOHNSON to me known to be the Senior Partner the within and foregoing instrument, and in to be the free and voluntary act and deed of said reposes therein mentioned, and on oath stated that he dinstrument. under the terms of special dildred G Johnson, general partner have hereunto set my hand and affixed my official ove written.
DATE	D: [Decembe	r 11, 200	3 1
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	NOTA PUBL		(Type/Print Name)  Notary Public in and for the State of Washington residing at: Bainbridge Island  My Commission Expires: 1/18/2006

# STATE ACKNOWLEDGMENT

STATE OF WASHINGTON )	T 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
County of Parco )ss	A Company of Company o
on this day of day of day of appeared before me MARK MAUREN, to me know Manager of the Department of Natural Resources, Se executed the within and foregoing instrument on bel Washington, and acknowledged said instrument to be and deed of the State of Washington for the uses and and on oath stated that he was authorized to execute seal affixed is the official seal of the Commissioner	n to be the Assistant Region tate of Washington, who half of the State of the free and voluntary act purposes therein mentioned, said instrument and that the
of Washington.	- A
IN WITNESS WHEREOF, I have hereunto set my la first above written.	nand and seal the day and year
DATED: [ December 18, 2003]	Mille
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Agreement No. 22-002332

# ST E OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES JENNIFER M. BELCHER Commissioner of Public Lands Olympia, WA 98504

#### NOTE CAREFULLY

The Commissioner of Public Lands will not approve or enter any assignment unless the lease or contract is in good standing. The original lease or contract must be submitted along with three (3) copies of this assignment form and a \$25.00 fee.

#### ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned hereby assigns that certain Lease No. 22-002332 (the "Lease"), dated the 1st day of August 1993, between the Washington State Department of Natural Resources (the "Department") as Lessor, and the undersigned as Lessee PORT WASHINGTON MARINA CONDOMINIUM OWNER'S ASSOCIATION, a Washington corporation covering those certain premises situated in the County of Kitsap, state of Washington, particularly described and known as that portion of the Harbor Area situate in front of government Lots 6 and 7, Section 11, Township 24 North, Range 1 East, W.M., in Kitsap County, Washington; included in a tract described as follows:

Beginning at a point on the Inner Harbor Line, said point also being the Northwest corner of Lot 11, supplemental plat of Bay View Garden Tracts, a recorded plat in said government Lot 7 and running thence along said Inner Harbor Line, North 75 degrees 43' 57.8" West, a distance of 128.168 feet; thence continuing along said Inner Harbor Line North 63 degrees 38' 00" West, a distance of 148.126 feet; thence continuing along said Inner Harbor Line North 74 degrees 55' 00" West, a distance of 334.594 feet; thence continuing along said Inner Harbor Line South 60 degrees 44' 00" West, a distance of 126.00 feet; thence continuing along said Inner Harbor Line, South 48 degrees 20' 00" West, a distance of 125.00 feet; thence North 29 degrees 25' 40" East a distance of 403.64 feet to a point on the Outer Harbor line; thence South 74 degrees 00' 00" East along said outer harbor line, a distance of 802.403 feet; thence South 16 degrees 00' 00" West, a distance of 210.901 feet across the Harbor Area to the Inner Harbor Line; thence North 75 degrees 43' 57.8" West, a distance of 132.290 feet to the Point of Beginning as shown on the official maps of Bremerton tidelands on file in the Office of the Commissioner of Public Lands at Olympia, Washington.

	Containing 4.06 acres, more or less	, and all right, title and inter	est in and to and under the said lease
to (b)	(6)	, a Joint Tenant with the	he Right of Survivorship (the
"Assig	nee"), whose address is Port Washii	igton Marina,	(b) Edmonds, Wa 98020, and said
assign	ee (b) (6)	, a Joint Tenant	with the Right of Survivorship,
hereby	binds and obligates themselves to p	erform all the conditions and	covenants of said lease or contract.

In consideration of this Assignment and of the consent of the department, the undersigned Lessee and Assignee agree as follows:

- 1. The Assignee hereby assumes and agrees to make all the payments required under the Lease, and to do and perform and be bound by all covenants, conditions, terms, stipulations, and agreements in the Lease binding upon Lessee;
- 2. The Department, through its consent to this Assignment, hereby releases Lessee from any liability that may be incurred under the lease by the Assignee from and after the effective date of the Assignment;
  - 3. The Assignment shall not modify any of the terms and conditions of the Lease;
- 4. The Assignment shall not preclude the Department from exercising its right to consent to any further Assignment of the Lease;
- 5. Lessee represents and warrants that to the best of its knowledge, after due and diligent inquiry, it is unaware of the presence or dispersal of any hazardous or toxic substance on the property;

EXHIBIT A

- 6. Lessee represents and warrants that it has no knowledge, after due and diligent inquiry, of any state of facts which would give rise to claims against the department or pending or threatened litigation or claims against the Department;
- 7. Lessee represents and warrants that it is not in default under the lease, and has no knowledge, after due and diligent inquiry, of any state of facts or events which, with the passage of time or the giving of notice thereof would constitute a default thereunder; and
- 8. Lessee represents and warrants that to the best of its knowledge, after due and diligent inquiry, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, laws, and statutes.

LESSEE/ASSIGNOR PORT WASHINGTON MARINA	ASSIGNEE JOINT TENANT (b) (6)			
CONDOMINIUM OWNER'S ASSOCIATION	(b) (6)			
By Bank CK Witz	( B			
Title PRESIDENT	Title OWNGR			
Port Washington Marina 510 Rainier Ave Seattle, WA 98144	(b) (6) By			
Date	Title Cacaca			
	Port Washington Marina (b) (6)			
	Edmonds, WA 98020			
	Date November 14,1995			

#### CONSENT TO ASSIGNMENT

The department consents to the Assignment of the above-mentioned Lease unto DOUGLAS FAULDS AND DONNA ERNST, a Joint Tenant with the Right of Survivorship, upon the express conditions contained in said Assignment; and no further Assignment of said lease or subletting of said premises or any part thereof shall be made without the written consent of the department.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

KALEEN COTTINGHAM

Superviso

Date 1278 95

mm/ww17/cox/22002332.asg

CT A	TE	OF	W A	SHIN	GT	(M)	
017	LIE	or	- YY .^4	SILLIA	UI.	OP 1	,

) ss.

County of Thurston )

On this Aday of William, 1946, personally appeared before me KALEEN COTINGHAM, to me known to be the Supervisor, and ex officio administrator of the Department of Natural Resources of the state of Washington, the department that executed the within and foregoing instrument on behalf of the state of Washington, and acknowledged said instrument to be the free and voluntary act and deed of the state of Washington for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument and that the seal affixed is the official seal of the Commissioner of Public Lands for the state of Washington.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the state of Washington

My commission expires 5/3/47

#### CERTIFICATE OF ACKNOWLEDGMENT CORPORATION LESSEE/ASSIGNOR

STATE OF WASHINGTON
) ss
County of KING
)

On this <u>16th</u> day of	NOVEMBER, 19 <sup>95</sup> , personally appeared befor	e me
MICHAEL R. MASTRO	to me known to be the PRES.	IDENT

of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument for said corporation and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the state of WASHINGTON

My commission expires 02/17/98

22-002332

3 of 4

EXHIBIT A

STATE OF WA	Shington)		
County of SNUT	(b/n/5/ ) ss		
On this	/4 day_	November	, 19 95 personally appeared before me
(b) (6)	, to me kno	wn to be the individual desc	ribed in and who executed the within and
foregoing instrum	ent and acknow	ledged that he signed the sar	me as his free and voluntary act and deed for the

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

S.EAL

#### CERTIFICATE OF ACKNOWLEDGMENT INDIVIDUAL

STATE OF (DATE NO WE ) County of San Admission ) ss

uses and purposes therein mentioned.

(b) (6) , to me known to be the individual described in and who executed the within and foregoing instrument and acknowledged that she signed the same as her free and voluntary act and deed for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

SEAL

EXHIBIT A

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### LOAN SECURITY AGREEMENT

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## STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### LOAN SECURITY AGREEMENT

#### LOAN SECURITY AGREEMENT NO. 22-002332

THIS AGREEMENT is made by and between SEVEN J'S INVESTMENTS LIMITED PARTNERSHIP, a Washington Limited Partnership ("Lessee"), and FRONTIER BANK, a Washington Corporation ("Lender").

#### **BACKGROUND**

- A. Lessee entered into a lease, known as Lease No. 22-002332 dated the 1st day of August, 1993 and recorded with the N/A County Auditor's office under recording number N/A (the "Lease"), with the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State").
- B. Lessee desires to obtain a loan from Lender for purchase of marina and associated buildings on the property described in the Lease. Lender is making a loan ("Loan") in the amount of One Million Five Hundred Forty Thousand Dollars (\$1,540,000) to Lessee, which Loan is evidenced by a promissory note. To induce Lender to make the Loan, Lessee has agreed to grant to Lender a security interest in all Lessee's interest in the Lease. State consents to the assignment for security purposes, based upon the assurances and Agreements set forth in this Agreement.

Therefore, the parties agree as follows:

#### SECTION 1 SECURITY INTEREST

For valuable consideration, Lessee hereby grants to Lender a security interest in all of Lessee's rights, title, and interest in the Lease.

#### **SECTION 2 SECURED OBLIGATIONS**

The security interest granted in this Agreement is given to secure payment of a promissory note executed by Lessee in favor of Lender.

#### SECTION 3 TRANSFER OR ASSIGNMENT OF THE LEASE

A transfer of Lessee's interest to Lender shall occur on either of: (i) the voluntary surrender of all rights or (ii) a court order requiring transfer. In the event of a transfer or assignment of the Lease

Form Date: 10/2003

1 of 6

Loan Security Agreement 22-002332

to Lender pursuant to this Agreement, Lender shall assume the obligations as Lessee under the Lease, including curing any prior curable defaults. Lender shall also faithfully perform and discharge Lessee's obligations according to the terms of the Lease. State will acknowledge the transfer upon a reaffirmation by the Lender at the time of the transfer that Lender has assumed the obligations as Lessee under the Lease, including curing any prior defaults, and has posted a new bond or other security.

#### SECTION 4 TRANSFER OR ASSIGNMENT OF MORTGAGE

Lessee shall promptly provide written notice to State of any transfer of control of the mortgage (or deed of trust) covered by this Agreement, including transfers by sale, assignment, bequest, inheritance, operation of law, or other disposition.

#### **SECTION 5 NOTICE OF DEFAULT**

Lender, upon providing Lessee notice of: (i) default under the loan documents, (ii) default under this Agreement, or (iii) demand to remedy a claimed default, shall contemporaneously provide a copy of that notice to State.

#### SECTION 6 NOTICE OF DEFAULT UNDER THE LEASE

State, upon providing Lessee notice of: (i) default under the Lease, (ii) an intention to terminate the Lease, or (iii) demand to remedy a claimed default, shall make a good faith effort to contemporaneously provide a copy of that notice to Lender. From and after the time notice has been given to Lender, Lender shall have the same period of time for remedying any default or causing the same to remedied as is given Lessee under the Lease. State shall accept the performance of the Lender as if performed by the Lessee. All written notification shall be sent via certified mail to the addresses indicated in this Agreement, unless the parties designate otherwise in writing.

#### **SECTION 7 PERFORMANCE BONDS**

In the event of a default under the Lease, the State reserves the first right for claim against any bond or other security posted by Lessee to guarantee performance of its obligations under the Lease. However, Lender may pay those amounts due to State, and prevent a claim from being filed against the bond(s). In the event that Lender assumes the obligations of Lessee under the Lease, Lender shall post a new performance bond or other security to guarantee performance of its obligations under the Lease.

#### **SECTION 8 WAIVER**

Execution of this Agreement by State does not waive any rights to insist upon strict performance by Lessee of the terms of the Lease or any other right State may have.

Form Date: 10/2003

2 of 6

Loan Security Agreement 22-002332

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

		INVESTMENTS LP
Dated: Dec 19,200	23By: 50	MILDRED G. JOHNSON
	Title:	General Partner
	Address:	(b) (6) Seattle, WA 98113
Dated: DR 22 ,200	FRONTIE	BANK
Dated:	<b>У</b> Ву. — /	MATTHEW F. KOVER
	Title:	Vice President and Manager
	Address:	10705 Silverdale Way NW PO Box 3075 Silverdale, WA 98383
		WASHINGTON IENT OF NATURAL RESOURCES
Dated: 12/29, 2003	By:	MARK MAUREN
	Title:	Assistant Region Manager
	Address:	Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282
Standard Loan Security Agreement Approved as to Form in October 2003 By Mike Grossmann Assistant Attorney General State of Washington		PRODEED
Form Date: 10/2003	3 of 6	Loan Security Agreement 22-0023

Form Date: 10/2003

Loan Security Agreement 22-002332

#### CORPORATE ACKNOWLEDGMENT

STATE OF WASHINGTON	)	
	)	S
COUNTY OF KING	)	

On this 19<sup>th</sup> day of December, 2003, before me personally appeared STEVEN JOHNSON to me know to be the limited partner of the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument under the terms of special power of attorney from Mildred G. Johnson, general partner.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

melont

Residing at: Bainbridge Island My commission expires: 1/18/2006

Notary Public in and for the State of Washington

DATED: December 19, 2003

#### CORPORATE ACKNOWLEDGMENT

STATE	OF WASHINGTON )	
COUNT	) ss	
COUN	rornitap)	
	President and Manager of the co instrument, and acknowledged s deed of said corporation, for the stated that he was authorized to	VF. KOVER to me known to be the Vice reporation that executed the within and foregoing aid instrument to be the free and voluntary act and uses and purposes therein mentioned, and on oath execute said instrument.
	MARCELLA DASHNER NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES MAY 5 2007	Marcolla Dashner  (type or print name)  Notary Public in and for the State of  Whington residing at Frontier Bank  My appointment expires May 52017.

Form Date: 10/2003

#### STATE ACKNOWLEDGMENT

STATE OF Y	WASHINGTO:	N)		
	./	)ss		
County of	King	)		
	Manager of the executed the Washington, and deed of and on oath	fore MARK MAU the Department of within and foreg and acknowledg the State of Wash stated that he was is the official seal	JREN, to me know f Natural Resources oing instrument on ed said instrument tington for the uses authorized to exec	, 2003, personally on to be Assistant Region s, State of Washington, who behalf of the State of to be the free and voluntary act and purposes therein mentioned ute said instrument and that the ner of Public Lands for the State
	IN WITNES first above w		have hereunto set n	ny hand and seal the day and yea
			Acella	a Mikulay
الماسية	C. MCK		Fisella	C. McKinlar
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WALE C	DF WASHING		My appointment	nt expires
		MISSION		
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	10	1300	H.	
		S. C. Marie		

Form Date: 10/2003

## STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

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EXHIBIT A: ASSIGNMENT OF LEASE DATED NOVEMBER 14, 1995

## STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND, Commissioner of Public Lands

#### NOTICE OF AND CONSENT TO ASSIGNMENT OF LEASE

#### NOTICE OF AND CONSENT TO ASSIGNMENT AGREEMENT NO. 22-002332

THIS AGREEMENT is made by and between DOUGLAS R. FAULDS AND DONNA R. ERNST, a Washington corporation, whose address is (b) (6) , Edmonds, WA 98020 ("Assignor") and SEVEN J'S INVESTMENTS, a Washington limited liability company, whose address is PO Box 687, Burley, WA 98322 ("Assignee").

#### BACKGROUND

- A. Lease No. 22-002332 was entered into on the 1st day of August, 1993, by and between PORT WASHINGTON MARINA CONDOMINIUM OWNER'S ASSOCIATION as Lessee and the STATE OF WASHINGTON, acting through the Department of Natural Resources, as landlord ("State"), and recorded with the Kitsap County Auditor's office under recording number N/A (the "Lease").
- B. The lease was previously amended by Assignment respectively dated November 14, 1995. A copy of the Assignment is attached as Exhibit A. Assignor now possesses the rights, duties, and liabilities under the Lease as amended.
- C. Assignor desires to assign and Assignee desires to assume the rights, duties, and liabilities of Lessee under the Lease. Assignor acknowledges the receipt and adequacy of consideration given by Assignee for this assignment. The Lease prohibits an assignment without State's consent. State is willing to give its consent based upon the assurances and agreements made in this Agreement.

THEREFORE, the parties agree as follows:

#### SECTION 1 NOTICE OF ASSIGNMENT

Assignor gives notice of its intent to assign all of its rights, title, and interest as Lessee under the Lease to Assignee effective the 11<sup>th</sup> day of December, 2003 for the balance of the lease term as provided in the Lease.

#### SECTION 2 ACCEPTANCE AND INDEMNIFICATION

Assignee gives notice of its intent to assume the obligations as Lessee under the Lease, and agrees to faithfully perform and discharge those obligations according to the terms of the Lease.

Form Date 06/98

1 of 6

Agreement No. 22-002332

#### **SECTION 3 NO RELEASE**

State is not releasing Assignor from fully performing the provisions of the Lease. Assignor remains liable to State to the same extent as if no assignment had been made.

#### SECTION 4 MODIFICATION OF LEASE AT TIME OF ASSIGNMENT

Assignor agrees that State and Assignee may change, modify, or amend the Lease in any way, including the rent to be paid. The assignment and any modification or amendment to the Lease shall occur contemporaneously. Assignee acknowledges receipt of a copy of the Lease and any previous or contemporaneous amendments. Assignor acknowledges receipt of a copy of the amended Lease. Further assignments may be made, without notice to or consent of Assignor, and without in any manner releasing or relieving Assignor from liability under the Lease. Assignor shall remain liable under all the terms, covenants, and conditions of the Lease as to the end of the term of the Lease.

#### **SECTION 5 WARRANTIES**

Assignor represents and warrants to State and to Assignee that (i) the Lease is in full force and effect; (ii) Assignor is not in default or breach of the Lease; (iii) Assignor has no knowledge of any claims, offsets, or defenses of any lessee under the Lease; (iv) rents due subsequent to this assignment have not been paid in advance by any lessee; and, (v) to the best of Assignor's knowledge, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, and laws. Assignor shall defend, indemnify and hold State harmless from any breach of the foregoing warranties and from any claims or causes of action, known or unknown, of Assignor that have or may arise from circumstances that precede this assignment.

#### **SECTION 6 NOTICE**

Assignor instructs State to send all future notices to Assignee. Assignee has the obligation to keep Assignor informed about the activities on the property and Assignee's performance of its obligations under the Lease. Assignee shall send to Assignor copies of any notices it receives or sends to State. Assignor has the obligation to remain informed of Assignee's activities on the property, Assignee's performance of its obligations under the Lease, and Assignee's financial condition. State has no obligation to provide Assignor any notice or information concerning the Lease or Assignee and Assignor shall not rely on State to inform Assignor.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below.

Dated:

DEC 1 1 2003

Assignee: SEVEN J'S INVESTMENTS

Mildral & Johnson

STEVEN JOHNSON

Title: Senior Partner

Assignor: DOUGLAS R. FAULDS & DONNA'R. ERNST

Dated: DEC 1 1 2003

Dated: DEC 1 1 2003

DOUGLAS R. FAULDS

DONNA R. ERNST

Title: Co-Owners

#### CONSENT TO ASSIGNMENT BY STATE

In consideration of the foregoing, State consents to the Assignment of the Lease to Assignee. However, State expressly conditions this consent on the understanding that neither State's consent nor its collection of rent from Assignee shall be a waiver of the covenant against future assignments or subletting. Furthermore, State's acceptance of Assignee as Lessee shall not be construed as releasing Assignor from full performance of the provisions of the Lease. Except as set forth in this Agreement, no provision of this consent alters or modifies any of the terms and conditions of the Lease, including the requirement that the written consent of the State be obtained before any further assignment of the Lease or subletting of the property occurs.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES

Dated: 12/18,2003

MARK MAUREN

Title:

Assistant Region Manager

Standard Assignment of Lease Approved as to Form on June 1, 1998 by Michael S. Grossman Assistant Attorney General, State of Washington

And

Form Date 06/98

3 of 7

Agreement No. 22-002332

#### ASSIGNOR ACKNOWLEDGMENT

STATE OF _	Washington				
	0.0	) ss			
COUNTY OF	King				
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DATE	D: [ Decemb	er 11, 20	03	1	
				Camelow	)
	- MCCO	MB	r c.	A. McComb	1
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#### ASSIGNOR ACKNOWLEDGMENT

STATE OF	Washington	
COUNTY OF	King	) ss )

On this <u>11th</u> day of <u>December</u>, 2003, before me personally appeared DONNA R. ERNST to me known to be the Owner of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Camcionis

DATED: [ December 11, 2003 ]



[ C.A. McComb ]

(Type/Print Name)

Notary Public in and for the State of Washington

residing at: <u>Bainbridge Island</u>
My Commission Expires: 1/18/2006 .

#### ASSIGNEE ACKNOWLEDGMENT

STATE OF _	Washington	)
COUNTY OF	King	) ss )

On this <u>11th</u> day of <u>December</u>, 2003, before me \*Limited personally appeared STEVEN JOHNSON to me known to be the Senior Partner of the company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument. under the terms of special power of attorney from Mildred G Johnson, general partner IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

DATED: [ December 11, 2003 ]

Camecomb



C.A. McComb

(Type/Print Name)
Notary Public in and for the State of Washington residing at: Bainbridge Island

My Commission Expires: 1/18/2006

#### STATE ACKNOWLEDGMENT

STATE OF WA	ASHINGTON )	
County of $\checkmark$	eice )	
a M e N a a s	Appeared before me MA Manager of the Department of the Washington, and acknowledged and deed of the State of and on oath stated that he	of
	N WITNESS WHEREO	OF, I have hereunto set my hand and seal the day and year
DATED	: December	18,2003 1 Allella Comikina
AND STATE	NOTARY BESTON AND TARK PUBLIC 6-29-04 OF WASHINGTON	(Type/Print Name)  Notary Public in and for the State of Washington residing at:  My Commission Expires: 6/29/09.
	Miller	O MISSIONE O

#### ADDENDUM TO COMMERCIAL AND INVESTMENT REAL ESTATE PURCHASE AND SALE AGREEMENT

All terms and conditions of the Purchase and Sale Agreement dated August 1, 2003, concerning Port Washington Marina, 1805 Thompson Drive, Bremerton, Wa. ("the Property") by Seven Js' Investments, as Purchaser, and (b) (6) as Seller, are agreed except for the following changes.

1. Assignment of Aquatic Lands Lease No. 22-002332 - Department of Natural Resources, State of Washington:

Seller agrees to assign the lease described above to Purchaser at closing of this transaction 12/11/2003 to accommodate Purchaser's time constraint for a 1031 tax deferred exchange, so long as Purchaser agrees to the following:

A) Purchaser will indemnify Seller as per the attached Indemnification Agreement to be signed at closing. B) Purchaser agrees that he will not assign the lease to anyone during the remaining term of the lease.

C) Purchaser agrees to obtain a new Aquatic Lands Lease with the Department of Natural Resources to replace the lease described above, thereby releasing Seller from all further liability regarding the assigned lease within six (6) months from date of closing of this transaction.



		(b) (6)		
Buyer	Date:	Sejie		12/8/03
Buyer	Date:	Seller (b) (6)	_Date_	12/8/03

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES DOUG SUTHERLAND COMMISSIONER OF PUBLIC LANDS

FOR OFFICIAL USE ONLY Land Manager Initials Program Manager's Initials Fee Received

#### APPLICATION FOR ASSIGNMENT OF LEASE/ EASEMENT

#### I. SUBMISSION OF ASSIGNMENT APPLICATION

Enclose a \$25.00 non-refundable application-processing fee along with the assignment application and return to the address below:

Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

1	, hereby request assignment of my Leas	e 11-001332
Assignor (Current Lessee/Tenant)	Name)	Lease Number
	DRIVE, BREMERTON, WA 98337	
Street address, City, Sta		
	5 for MARINA	
Assignee (New Lessee/Tenant N	ame) Permitted Use	
document): (b) (6)	(please specify exactly how name appears in the exist	ing lease/easement
document): (b) (6) Name:		
document): (b) (6)	State: WA Zip	
document): (b) (6)  Name: (b) (6)  Street Address: (b) (6)  City: EDMONDS	State: WA Zip	Code: 98020
document): (b) (6)  Name: (b) (6)  Street Address: (b) (6)  City: EDMONDS  Telephone Number: (425)		Code: 98020
document): (b) (6)  Name: (b) (6)  Street Address: (b) (6)  City: EDMONDS  Telephone Number: (425)	State: WA Zip of the Zip of the State: WA Zip of the Zip o	Code: 98020
document): (b) (6)  Name: (b) (6)  Street Address: (b) (6)  City: EDMONDS  Telephone Number: (425)  WA Dept. of Revenue Tax Re Assignor's Representative:	State: WA Zip of the Zip of the State: WA Zip of the Zip o	Code: 98020 447 01481945000
document): (b) (6)  Name: (b) (6)  Street Address: (b) (6)  City: EDMONDS  Telephone Number: (425)  WA Dept. of Revenue Tax Re Assignor's Representative:  Relationship to Assignor:	State: <u>WA</u> Zip of <u>774 4838</u> FAX: (425) 776 / egistration Number (Unified Business Identifier)*: 6	Code: 98020 447 01481945000
document): (b) (6)  Name: (b) (6)  Street Address: (b) (6)  City: EDMONDS  Telephone Number: (425)  WA Dept. of Revenue Tax Re Assignor's Representative:  Relationship to Assignor:	State: WA Zip of Table 1998 St	Code: <u>98020</u> 447 01481945000

	ORMATION FOR ASSIGN	NEE (New Lessee/Tenant)  vexactly how name is to appear in the assignment
document):		
		GTON LIMITED PARTNERSHIP
	0 BOX 687	
City: BURLE	Υ	State: WA Zip Code: 98322
Telephone Number:	253 851-4854	FAX: (253) 851- 4864
WA Dept. of Revenu	e Tax Registration Number (Un	ified Business Identifier): 601122129
Assignee's Represen	tative: COLDWOL BANKO	COMMUNEIAL - TEO STONE
Relationship to Assig	gnee: AGONT/COMME	ORCIAL REMUTOR
Street Address: 190	44 PACIFIC BUE *	* 3
City: TA COM A		State: WA Zip Code: 48402
		FAX: 253 779 0363
	y Purposes, amount of loan: \$	
	be used for business purposes, t d Business Identifier) is Require	the Washington Department of Revenue Tax
attorney, etc):		Attach written authority to sign - bylaws, power o
	of Registration:)	
□ Sole Proprietorshi	p	ip (State of Registration: \( \mathcal{V} \beta \) ty (Spouse: \( \)
	lain:	)
		b) (6)
Printed Name of Assignor or	Authorized Representative: (b) (6)	<i>5)</i> ( <i>6)</i>
Signature of Assignor or Aut	horized Representativ	
Title: OWNERS	Con	npany:
Date: 10/27/03		

-- 002332

RENEWAL

625.00



CUMBERLAND CASUALTY & SURETY COMPANY CONTINUATION CERTIFICATE

In consideration of the agreed premium charged for this bond, it is understood and agreed that CUMBERLAND CASUALTY & SURETY COMPANY, hereby continues in full force Bond Number MB00900073 dated 7/30/2002 in the penal amount TWENTY FIVE THOUSAND AND 00/100 (\$ 25,000.00)

on behalf of:

DOUGLAS FAULDS & DONNA ERNST DBA PORT WASHINGTON MARINA

as Principal, and in favor of:

State of Washington - Dept. of Natural Resources

as Obligee, for the period beginning on July 30th, 2002, and ending on July 30th, 2003, subject to all the terms and conditions of said bond, PROVIDED, that the liability of said CUMBERLAND CASUALTY & SURETY COMPANY shall not exceed in the aggregate the amount above written, whether the loss shall have occurred during the term of said bond or during any continuation or continuations thereof, or partly during said term and partly during any continuation or continuations thereof.

Signed and sealed the 30th day of August, 2002.

CUMBERLAND CASUALTY & SURETY COMPANY

Mary Anne Skinner

Attorney-In-Fact

5000 S. W. MEADOWS RD SUITE #399

LAKE OSWEGO, OR 97035

RECEIVED

SEP 1 2 2002

DNR-SPS

22-00 2332

### **SKINNER BONDING**

### \*\*\*Notice of Cancellation\*\*\*

NOTICE DATE: June 30th, 2003

OBLIGEE:

State of Washington - Dept. of Natural Resources P.O. Box 68 ENUMCLAW, WA 98022-0068



<

PRINCIPAL:

DOUGLAS FAULDS & DONNA ERNST DBA PORT WASHINGTON MARINA

(000)000-0000

**REGISTRATION #** 

AGENT:

HALLER INSURANCE SERVICE(800)326-1257

PLEASE TAKE NOTICE THAT CUMBERLAND CASUALTY & SURETY COMPANY ELECTS TO HEREBY CANCEL THE BOND DESCRIBED BELOW

BOND DESCRIPTION: MISCELLANEOUS LEASE GUARANTEE

BOND NUMBER:

MB00900073

BOND AMOUNT:

25,000.00

GROSS PREMIUM:

625.00

BOND EFFECTIVE DATE:

July 30th, 2002

IF YOU WISH TO DISCUSS THE REASON FOR CANCELLATION OR TO REINSTATE THIS BOND, PLEASE CONTACT OUR OFFICE AT (503) 226-6444

THE CANCELLATION OF THE ABOVE REFERENCED BOND BECOMES EFFECTIVE:

THIRTY (30) DAYS FROM RECEIPT BY THE OBLIGEE

BY:

Mary Anne Skinner

ATTORNEY IN FACT

5000 S. W. MEADOWS RD SUITE 399

LAKE OSWEGO, OR 97035

CERTIFICATE OF LIABILITY INSUFANCE DATE (MM/DD/YY) 07/26/1999 PRODUCER (425)868-1123 JED AS A MATTER OF INFORMATION FAX (1-2)868-2411 ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE Haller Insurance Services, Inc. HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR 8504 192nd Avenue NE, Suite B ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. Redmond, WA 98053 COMPANIES AFFORDING COVERAGE American Economy Insurance Company COMPANY Attn: Dan Vinson INSURED COMPANY Port Washington Marina 10 B 1530 9th Avenue N COMPANY Edmonds, WA 98020 COMPANY D.N.R. -AOUATIC LANDS COVERAGES THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. POLICY EFFECTIVE POLICY EXPIRATION CO POLICY NUMBER TYPE OF INSURANCE LIMITS DATE (MM/DD/YY) DATE (MM/DD/YY) GENERAL LIABILITY GENERAL AGGREGATE 2,000,000 X COMMERCIAL GENERAL LIABILITY PRODUCTS - COMP/OP AGG 2,000,000 CLAIMS MADE X OCCUR PERSONAL & ADV INJURY 1,000,000 02CC9586621 07/30/1999 07/30/2000 OWNER'S & CONTRACTOR'S PROT EACH OCCURRENCE 1,000,000 FIRE DAMAGE (Any one fire) S 200,000 MED EXP (Any one person) 5 10,000 **AUTOMOBILE LIABILITY** COMBINED SINGLE LIMIT 5 ANY AUTO ALL OWNED AUTOS **BODILY INJURY** SCHEDULED AUTOS HIRED AUTOS **BODILY INJURY** (Per accident) NON-OWNED AUTOS PROPERTY DAMAGE GARAGE LIABILITY AUTO ONLY - EA ACCIDENT ANY AUTO OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$ **EXCESS LIABILITY** EACH OCCURRENCE S 1,000,000 A X UMBRELLA FORM 01SU2557451 07/30/1999 07/30/2000 **AGGREGATE** S 1,000,000 OTHER THAN UMBRELLA FORM S TORY LIMITS WORKERS COMPENSATION AND **EMPLOYERS' LIABILITY** EL EACH ACCIDENT THE PROPRIETOR/ EL DISEASE - POLICY LIMIT INCL S PARTNERS/EXECUTIVE OFFICERS ARE: EXCL EL DISEASE - EA EMPLOYEE \$ OTHER DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS RE: Insurance Verification and the Certificate Holder is named as Additional Insured as respects the operations of the above named insured. 200 2332 CANCELLATION CERTIFICATE HOLDER SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL Dept. of Natural Resources Acquatic Land 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, South Puget Sound Regional Office BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY PO Box 68 OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES. ATTN: Donna Berube **AUTHORIZED REPRESENTATIVE** Enumclaw, WA 98022-0068 Daniel Vinson/DGV **©ACORD CORPORATION 1988** ACORD 25-S (1/95)

OF LIABILITY DATE (MM/DD/YY) 09/01/1998 PRODUÇER (425)868-1123 THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION FAX (425)868-2411 ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE Haller Insurance Services, Inc. HOLDER, THIS CERTIFICATE DOES NOT AMEND, EXTEND OR 8504 192nd Avenue NE, Suite B ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. Redmond, WA 98053 COMPANIES AFFORDING COVERAGE Safeco Insurance COMPANY Attn: Dan Vinson Ext: 105 INSURED COMPANY Port Washington Marina B 1530 9th Avenue N COMPANY Edmonds, WA 98020 COMPANY COVERAGES THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. POLICY EFFECTIVE POLICY EXPIRATION CO TYPE OF INSURANCE POLICY NUMBER LIMITS DATE (MM/DD/YY) DATE (MM/DD/YY) GENERAL LIABILITY GENERAL AGGREGATE 2,000,000 X COMMERCIAL GENERAL LIABILITY PRODUCTS - COMP/OP AGG 1,000,000 CLAIMS MADE X OCCUR PERSONAL & ADV INJURY 1,000,000 CP8467546D 07/30/1998 07/30/1999 OWNER'S & CONTRACTOR'S PROT **EACH OCCURRENCE** 1,000,000 FIRE DAMAGE (Any one fire) 100,000 \$ MED EXP (Any one person) S 5,000 **AUTOMOBILE LIABILITY** COMBINED SINGLE LIMIT ANY AUTO **ALL OWNED AUTOS BODILY INJURY** SCHEDULED AUTOS HIRED AUTOS **BODILY INJURY** NON-OWNED AUTOS PROPERTY DAMAGE **GARAGE LIABILITY** AUTO ONLY - EA ACCIDENT S ANY AUTO OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$ **EXCESS LIABILITY** EACH OCCURRENCE 1,000,000 X UMBRELLA FORM UL8467546B 07/30/1998 07/30/1999 AGGREGATE S 1,000,000 OTHER THAN UMBRELLA FORM WORKERS COMPENSATION AND TORY LIMITS **EMPLOYERS' LIABILITY EL EACH ACCIDENT** THE PROPRIETOR/ INCL EL DISEASE - POLICY LIMIT PARTNERS/EXECUTIVE OFFICERS ARE: EXCL EL DISEASE - EA EMPLOYEE \$ OTHER 22-002332 DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS RE: Insurance Verification and the Certificate Holder is named as Additional Insured as respects the operations of the above named insured. CERTIFICATE HOLDER CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, Dept of Natural Resources-Aquatic Land BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY South Puget Sound Regional Office OF ANY KIND UPON THE COMPANY, IT'S AGENTS OR REPRESENTATIVES. PO Box 68 AUTHORIZED REPRESENTAT Enumclaw, WA 98022 ACORD 25-S (1/95) **@ACORD CORPORATION 1988** 

#### **CONTINUATION CERTIFICATE**

In consideration of premium	charged,		
CUMBERLAND CASUALT	Y & SURETY COMPANY	hereby co	ontinues in force
BOND No. <u>MB00900073</u>			
Dated 7/30/1998			
in the amount of	25,000.00	Dollars	
on behalf of DOUGLAS FA	ULDS & DONNA ERNST DBA	PORT WASHINGTON MARINA	
, as Principal,			
in favor of State of Washin	gton - Dept. of Natural Resource	es	, for the period
beginning July 30, 1998			
and ending July 30, 1999	subject to all the	terms and conditions of said bond;	
PROVIDED that the liability	of CUMBERLAND CASU	JALTY & SURETY COMPANY	
shall not exceed in the aggrega	ted the amount above written, v	whether the loss shall have	
occurred during the term of sa	id bond or during any continuat	ion or continuations thereof,	
or partly during said term and	partly during any continuation	or continuations thereof.	
Signed and Sealed this	June 30, 1998		
CUM By:	IBERLAND CASUALTY & SI	URETY COMPANY	

### AGORD CERTIFICA E OF LIABILITY INSUL INCE

Ext:

DATE (MM/DD/YY) 11/17/1997

PRODUCER (425)868-1123

Haller Insurance Services, Inc. 8504 192nd Avenue NE, Suite B

Redmond, WA 98053

Attn: Daniel Vinson

INSURED

Port Washington Marina (b) (6)

Edmonds, WA 98020

FAX (425)868-2411

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY

Safeco Insurance

COMPANY B

COMPANY C

COMPANY D

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES, LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

105

CO	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMIT	S	
	SENERAL LIABILITY				GENERAL AGGREGATE	s	2,000,000
	COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG	\$	1,000,000
. "	CLAIMS MADE X OCCUR	CD04675466	07/20/1007	07/70/1000	PERSONAL & ADV INJURY	\$	1,000,000
Α	OWNER'S & CONTRACTOR'S PROT	CP8467546C	07/30/1997	07/30/1998	EACH OCCURRENCE	\$	1,000,000
					FIRE DAMAGE (Any one fire)	S	100,000
***					MED EXP (Any one person)	\$	5,000
	ANY AUTO				COMBINED SINGLE LIMIT	s	
.,,,	ALL OWNED AUTOS SCHEDULED AUTOS				BODILY INJURY (Per person)	\$	
	HIRED AUTOS				BODILY INJURY	2	
	NON-OWNED AUTOS				(Per accident)	S	
					PROPERTY DAMAGE	\$	
G	SARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	5	
	ANY AUTO				OTHER THAN AUTO ONLY:		
			1		EACH ACCIDENT	\$	
					AGGREGATE	\$	
E	XCESS LIABILITY				EACH OCCURRENCE	\$	
	UMBRELLA FORM				AGGREGATE	\$	
	OTHER THAN UMBRELLA FORM					5	
	VORKERS COMPENSATION AND MPLOYERS' LIABILITY				TORY LIMITS ER		
т	HE PROPRIETOR/ INCL				EL DISEASE - POLICY LIMIT	5	****
	PARTNERS/EXECUTIVE DEFICERS ARE: EXCL				EL DISEASE - EA EMPLOYEE	-	
C	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

RE: Insurance Verification and the Certificate Holder is named as Additoinal Insured as respects

the operations of the above named insured.

CERTIFICATE HOLDER

Dept od Natural Resources-Acquatic Land South Puget Sound Regional Office Attn: Donna Berube PO Box 68 Enumclaw, WA 98022-0068

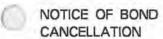
ACORD 25-S (1/95)

#### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, IT'S AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE

**©ACORD CORPORATION 1988** 





TCO INSURANCE COMPANY OF AMERICA ERAL INSURANCE COMPANY OF AMERICA FIRST NATIONAL INSURANCE COMPANY OF AMERICA HOME OFFICE: SAFECO PLAZA

SEATTLE, WASHINGTON 98185 DOUGLAS FAULDS & DONNA ERNST DBA: PORT WASHINGTON MARINA ASSOC. 02-3700/WOODWARD SCOTT AGENCY, INC. (OBLIGEE'S NAME/ADDRESS) TO: STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES P.O. BOX 68 98022-0068 ENUMCLAW WA SAFECO INSURANCE COMPANY OF AMERICA You are hereby notified that Surety upon Type of Bond: STATE LEASE BOND - AQUATIC LANDS LEASE NO .- 22-002332 Bond No. 5759854 dated effective JULY 30, 1993 (MONTH, DAY, YEAR) on behalf of (PRINCIPAL'S NAME/ADDRESS) DOUGLAS FAULDS & DONNA ERNST DBA PORT WASHINGTON MARINA ASSOC. (b) (6) **EDMONDS** WA 98020 desires to cancel and does hereby cancel said bond in accordance with the cancellation provisions contained therein or in applicable laws or regulations. This notice is mailed to you on 4-29-97 (MONTH, DAY, YEAR) and is effective 7-30-97 SAFECO INSURANCE COMPANY OF AMERICA

Cancellation Acknowledged: (PLEASE SIGN AND RETURN THE DUPLICATE OF THIS NOTICE)

CENTURED COR Dated: (MONTH, DAY, YEAR)



(Surety's Seal)

1000	w -m yew_
	BOND NO. MB 20900073
KNOW ALL MEN BY THES Bremerton,	Douglas Faulds & Donna Ernst dba E PRESENTS: THAT WE, Port Washington Marina Assoc.
	as Principal, and Cumberland Casualty & Surety Comp
and authorized to transact held and firmly bound unto Twenty Five thousand and truly to be paid, we be	business of surety in the state of Florida  business of surety in the state of Washington, as Surety, are the state of Washington, in the full and just sum of d and 00/1000llars (\$25,000.00 ), for which sum, well ind ourselves, our heirs, executors, administrators, successors
	everally firmly by these presents.
SEALED WITH OUR SEAL	S AND DATED THIS 12th DAY OF June , 1997 .
THE CONDITION OF THIS	S OBLIGATION IS SUCH THAT:
acting by and through the 1 19, under the Lease/Con for the following described	Department of Natural Resources, dated 7-30-1993, ntract No. 22-002332 for rights described in same d land situated in the County of Kitsap (type or attach legal description):
이 마다에게 되어 하네 아내를 하다면서 투워가 있는데이트 싫어 뭐!	, Section 11,
	North, Range 1 East, W.M.,
in Kitsap C	ounty Washington.
agreement is <u>July 30,</u> shall be automatically externation from the present expiration state in writing, not less the Surety elects not to receptified mail.	this Lease/Contract. The expiration date of this surety  1998 , provided that the expiration date ended, without amendment, for an additional period of one year date or each future expiration date, unless Surety notifies than ninety (90) calendar days before such expiration date that enew this bond. All written notification shall be sent via
NOW, THEREFORE, if the ease/Contract as set forth oid, otherwise to remain i	
	Signature Principal
	Title
	(b) (6) EDMONDS WA
	Mailing Address
	Cumberland Casualty & Surety Company Surety 155 NE 100th Ste #303
and Approval:	Seattle WA 98125 Mailing Address
ate: 10/9/97	14Macure
0	Signature: Attorney-in-fact Mary L. Faure'
Donna Berube, Admi	histrative Signature: Washington Resident Agent
A Harri	Signature: Washington Resident Agent

Agency

Mailing Address

DNR-00019044

#### BOND No MB00900073

KNOW ALL MEN BY THESE PRESENTS: That the Cumberland Casualty & Surety Company, a corporation duly organized under the laws of the State of Florida, having its principal office in the city of Tampa, Florida, pursuant to the following resolution, adopted by the Board of Directors of the said Company on the 7th day of April, 1997, to wit:

"Resolved, that the President of the Company shall have the authority to make, execute and deliver a Power of Attorney constituting as Attorney-in-Fact, such person, firms, or corporations as may be selected from time to time.

Be It further resolved, that the signature of the President and the Seal of the Company may be affixed to any such Power of Attorney or a certificate relating thereto by facsimile, and any such powers so executed and certified by facsimile signature and facsi ile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached. Cumberland Casualty & Surety Company does hereby make, constitute and appoint Mary L. Faure its true and lawful attorney-in-fact, for it and in its name, to sign, execute, acknowledge, deliver, act and deed on its behalf in issuing the bond MB00900073 in the amount of \$25,000.00 as required by statute, decree of court, or ordinance.

And to bind Cumberland Casualty & Surety Company thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officer of the Cumberland Casualty & Surety Company.

IN WITNESS WHEREOF, the Cumberland Casualty & Surety Company has caused this Power of Attorney to be signed by an officer of the Company and its Corporate Seal to be hereto affixed.

STATE OF FLORIDA	)	
	)	SS
COUNTY OF HILLSBORO	IIGH	



**CUMBERLAND CASUALTY & SURETY COMPANY** 

Edward J. Edenfield IV, President

On this 15th day of October, A.D. 1996, before me personally came Edward J. Edenfield IV, to me known, who being by me duly sworn, did depose and say; that he resides in the Country of Hillsborough, State of Florida; that he is President, of the Cumberland Casualty & Surety Company, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporation seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name, thereto by like order.

STATE OF FLORIDA

SS

COUNTY OF HILLSBOROUGH)

TELLY ANN POPULATION OF COUGH

BEVERLY ANN JERRY Notary Public, State of Florida My Commission Expires Aug, 22, 1998 No. CC 402276

Bonded Thru Official Notary Service

I, the undersigned, Secretary of the Cumberland Casualty & Surety Company, a Florida Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force.

Signed and Sealed at the City of Tampa.

SEAL SEAL

Dated the 30th Day of

1997

Carol S. Black, Secretar

AÇD	(Lai	CERTI	FIL	TE OF	IN	SURAN	CE	ISSUE	DATE: (MM/DD/YY) 09/27/96	
PRODUCER Haller In	nsuranc	e Services	. Inc.		RIGH	ITS UPON THE CE	RTIFICATE HOLDER	TER OF INFORMATION ON THIS CERTIFICATE DOES		
		nue SE, Sı								
Bellevu	e, WA 9	8004			COM		MPANIES AFF	ORDING COVERAG	it .	
4 000 4	FO 7000	FAVA	4 000 4	ED 0004	LETTER A Safeco Insurance Company					
1-206-4	53-7280	ГАХ#	1-206-4	53-0201	COMPANY B RECEIVED					
INSURED					100	PANY				
Douglas	s Faulds	and Donn	a Erns	t	LETT	201		001	0 8 1996	
	ort Was	hington ma	arina		LETT	PANY ER <b>D</b>		Geolog	y and Earth	
(b) (6)	do 18/A	09030			COM	PANY ER <b>E</b>				
COVERAGE	ds, WA	98020	-		1					
NOTWITHS ISSUED OF SUCH POL	STANDING AN	Y REQUIREMENT NN, THE INSURAN SHOWN MAY HA	, TERM OR ( ICE AFFORD VE BEEN RE	CONDITION OF AN	Y CON	TRACT OR OTHER ESCRIBED HEREIN S. POLICY EFFECTIVE	DOCUMENT WITH R IS SUBJECT TO ALL POLICY EXPIRATION	MED ABOVE FOR THE POLICE ESPECT TO WHICH THIS CI THE TERMS, EXCLUSIONS	ERTIFICATE MAY BE AND CONDITIONS OF	
Carlo Common	L LIABILITY	7.00				DATE (MM/DD/YY)	DATE (MM/DD/YY)	GENERAL AGGREGATE	\$ 2,000,000	
	4000	ERAL LIABILITY						PRODUCTS-COMP/OP AGG.	\$ 1,000,000	
	CLAIMS MAD	X OCCUR.	/	P 8467546		07/30/96	07/20/07	PERSONAL & ADV. INJURY	\$ 1,000,000	
A ow	NER'S & CONTI	RACTOR'S PROT	(	P 8467546	~	07/30/96	07/30/97	EACH OCCURRENCE	\$ 1,000,000	
					1			FIRE DAMAGE (Any one fire)	\$ 50,000	
100								MED EXP (Any one person)	\$ 5,000	
AN AN	BILE LIABILITY Y AUTO							COMBINED SINGLE LIMIT	\$	
sc	L OWNED AUTO	X						BODILY INJURY (Per Person)	\$	
NO	RED AUTOS ON-OWNED AUT							BODILY INJURY (Per accident)	\$	
GA	ARAGE LIABILIT	Y						PROPERTY DAMAGE	\$	
EXCESS	LIABILITY							EACH OCCURRENCE	\$	
UN	MBRELLA FORM							AGGREGATE	\$	
OT	THER THAN UM	BRELLA FORM								
wo	ORKER'S COMP	ENSATION						STATUTORY LIMITS	-	
	AND							DISEASE-POLICY LIMIT	\$	
1	EMPLOYER'S LI	ABILITY						DISEASE-EACH EMPLOYEE	\$	
OTHER						CLY	MOIN	CODY		
STREET, SOUTH CONTRACT	ance Verif	is/LOCATIONS/VEHI ication and th			name	ed as Additiona	I Insured as res	spects the oprations of	of the above	
CERTIFICA	TE HOLDER	1	-		C	ANCELLATION				
South P O Bo	Puget S	I Resource Sound Region A 98022-0	ional O		/	EXPIRATION DATE  30 DATE LEFT, BUT FAILURE	THEREOF, THE ISSI YS WRITTEN NOTICI E TO MAIL BUCH NO N THE COMPANY, IT	ED POLICIES BE CANCELLI JING COMPANY WILL ENDE E TO THE CERTIFICATE HOI TICE SHALL IMPOSE NO OB S AGENTS OR REPRESENT	AVOR TO MAIL LDER NAMED TO THE BLIGATION OR LIABILITY	
		na Berube			-	6	al U			
ACORD 25-	-S (7/90)							ACOR	D CORPORATION	

# STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES JENNIFER M. BELCHER Commissioner of Public Lands Olympia, WA 98504

#### NOTE CAREFULLY

The Commissioner of Public Lands will not approve or enter any assignment unless the lease or contract is in good standing. The original lease or contract must be submitted along with three (3) copies of this assignment form and a \$25.00 fee.

#### ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned hereby assigns that certain Lease No. 22-002332 (the "Lease"), dated the 1st day of August 1993, between the Washington State Department of Natural Resources (the "Department") as Lessor, and the undersigned as Lessee PORT WASHINGTON MARINA CONDOMINIUM OWNER'S ASSOCIATION, a Washington corporation covering those certain premises situated in the County of Kitsap, state of Washington, particularly described and known as that portion of the Harbor Area situate in front of government Lots 6 and 7, Section 11, Township 24 North, Range 1 East, W.M., in Kitsap County, Washington; included in a tract described as follows:

Beginning at a point on the Inner Harbor Line, said point also being the Northwest corner of Lot 11, supplemental plat of Bay View Garden Tracts, a recorded plat in said government Lot 7 and running thence along said Inner Harbor Line, North 75 degrees 43' 57.8" West, a distance of 128.168 feet; thence continuing along said Inner Harbor Line North 63 degrees 38' 00" West, a distance of 148.126 feet; thence continuing along said Inner Harbor Line North 74 degrees 55' 00" West, a distance of 334.594 feet; thence continuing along said Inner Harbor Line South 60 degrees 44' 00" West, a distance of 126.00 feet; thence continuing along said Inner Harbor Line, South 48 degrees 20' 00" West, a distance of 125.00 feet; thence North 29 degrees 25' 40" East a distance of 403.64 feet to a point on the Outer Harbor line; thence South 74 degrees 00' 00" East along said outer harbor line, a distance of 802.403 feet; thence South 16 degrees 00' 00" West, a distance of 210.901 feet across the Harbor Area to the Inner Harbor Line; thence North 75 degrees 43' 57.8" West, a distance of 132.290 feet to the Point of Beginning as shown on the official maps of Bremerton tidelands on file in the Office of the Commissioner of Public Lands at Olympia, Washington.

Containing 4.06 acres, more or less, and all right, title and interest in and to and under the said lease, to (b) (6)

"Assignee"), whose address is Port Washington Marina, (b) (6)

Redmonds, Wa 98020, and said assignee (b) (6)

assignee (c) (6)

In consideration of this Assignment and of the consent of the department, the undersigned Lessee and Assignee agree as follows:

- The Assignee hereby assumes and agrees to make all the payments required under the Lease, and to do and perform and be bound by all covenants, conditions, terms, stipulations, and agreements in the Lease binding upon Lessee;
- The Department, through its consent to this Assignment, hereby releases Lessee from any liability that may be incurred under the lease by the Assignee from and after the effective date of the Assignment;
  - The Assignment shall not modify any of the terms and conditions of the Lease;
- 4. The Assignment shall not preclude the Department from exercising its right to consent to any further Assignment of the Lease;
- Lessee represents and warrants that to the best of its knowledge, after due and diligent inquiry, it is unaware of the presence or dispersal of any hazardous or toxic substance on the property;

- Lessee represents and warrants that it has no knowledge, after due and diligent inquiry, of any state of facts which would give rise to claims against the department or pending or threatened litigation or claims against the Department;
- Lessee represents and warrants that it is not in default under the lease, and has no knowledge, after due and diligent inquiry, of any state of facts or events which, with the passage of time or the giving of notice thereof would constitute a default thereunder; and
- Lessee represents and warrants that to the best of its knowledge, after due and diligent inquiry, the property is in full compliance with all applicable federal, state, and local governmental permits, rules, ordinances, laws, and statutes.

LESSEE/ASSIGNOR PORT WASHINGTON MARINA CONDOMINIUM OWNER'S ASSOCIATION

PRESIDENT

Port Washington Marina 510 Rainier Ave Seattle, WA 98144

ASSIGNEE JOINT TENANT

(b) (6)

Title OWNER

(b) (6)

Port Washington Marina 1530 9th Ave N

Edmonds, WA 98020

CONSENT TO ASSIGNMENT

The department consents to the Assignment of the above-mentioned Lease unto DOUGLAS FAULDS AND DONNA ERNST, a Joint Tenant with the Right of Survivorship, upon the express conditions contained in said Assignment; and no further Assignment of said lease or subletting of said premises or any part thereof shall be made without the written consent of the department.

> STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES

mm/ww17/cox/22002332.asg

22-002332

#### CLRTIFICATE OF ACKNOWLEDGMENT

RO 8/8/2014

STATE OF WASHINGTON)

) ss.

County of Thurston )

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

NOTARY PUBLIC in and for the state of Washington

My commission expires 5/30/98

#### CERTIFICATE OF ACKNOWLEDGMENT CORPORATION LESSEE/ASSIGNOR

STATE OF WASHINGTON

County of KING )

of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that (he/she was) (they were) authorized to execute said instrument for said corporation and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year

first above written.

NOTARY PUBLIC in and for the state of WASHINGTON

My commission expires

02/17/98

SEAL

STATE OF Wa	Shington)			
STATE OF Wa County of SNIA	01m/5h ) ss			
On thin	14 100	November	10 95 narrowally amount before m	

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

SEAL

NOTARY PUBLIC in and for the

state of

My commission expires

## CERTIFICATE OF ACKNOWLEDGMENT INDIVIDUAL

STATE OF Washington )

County of SNO Lamish )

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

SEAL

NOTARY PUBLIC in and for the

state of

My commission expires \_\_//-/

#### RECEIVED MAY - 5 1995



SURETY BOND TRANSACTION REPORT

(SAFECO INSURANCE COMPANIES, SAFECO PLAZA, SEATTLE, WA 98185) NO. 5759854 - 0000

PRINCIPAL	NAME: DOUGLAS FAULDS & DONNA ERNST DBA: PORT WASHINGTON MARINA ** STREET: (b) (6) CITY: EDMONDS STATE: WA ZIP: 98020
ACCOUNT	NO: STMT CODE:
OBLIGEE	NAME: STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES STREET: COMMISSIONER OF PUBLIC LANDS CITY: OLYMPIA STATE: WA ZIP: 98504
BOND	TYPE: MISCELLANEOUS RATE STATE: WA FORM: O CANCEL DAYS: 90 COMPANY: SAFECO INSURANCE COMPANY OF AMERICA DESCRIPTION: STATE LEASE BOND - AQUATIC LANDS LEASE NO. 22-002332  BOND AMOUNT: \$25,000
RATING SUMMARY	EFFECTIVE DATE: 07/30/1995 EXPIRATION DATE: 07/30/1996 NCP: 07/30/1993 RENEWAL METHOD: 2 CANCELLABLE, AUTOMATIC BILLING COLLATERAL: NONE CLASS: 551-01 CLASS DESCRIPTION: LEASE BONDS  BOND AMOUNT RATE PREMIUM COMM % COMMISSION \$25,000 20.0000 \$500.00 20.000
	COPY
REMARKS	COPY,  NA ASSOC.
REMARKS ATTORNEY	
	ZN-AGENT: D2-3700 NAME: WOODWARD SCOTT AGENCY, INC. MASTER: STREET: P, O. BOX 55337
ATTORNEY	ZN-AGENT: D2-3700 NAME: WOODWARD SCOTT AGENCY, INC. MASTER: STREET: P, O. BOX 55337
ATTORNEY	ZN-AGENT: 02-3700 NAME: WOODWARD SCOTT AGENCY, INC. MASTER: STREET: P.O. BOX 55337 CITY: SEATTLE STATE: WA ZIP: 98155-0337

Registered trademark of SAFECO Corporation. PRINTED IN U.S.A.

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Haller Insurance Services, Inc. 1309 114th Avenue SE, Suite 101 Bellevue, WA 98004 1-206-453-7280 FAX# 1-206-453-0201			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.					
			oune 101	COMPANIES AFFORDING COVERAGE				
			± 1_206_453_0201	COMPANY LETTER A Safeco Insurance Company				
INSURED FAX# 1-200-453-0201			COMPANY LETTER <b>B</b>					
Douglas Faulds and Donna Ernst			na Ernst	COMPANY LETTER C				
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	(b) (6) Edmonds, WA 98020			LETT	IPANY TER <b>E</b>			
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CO LTR		TYPE OF INSURANCE	POLICY NUMBER		POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMI	· · · · · · · · · · · · · · · · · · ·
		LIABILITY					GENERAL AGGREGATE	\$ 2,000,000
	X co	MMERCIAL GENERAL LIABILITY					PRODUCTS-COMP/OP AGG.	\$ 1,000,000
Α		CLAIMS MAID X OCCUR	CP 8467546A		07/30/95	07/30/96	PERSONAL & ADV. INJURY	\$ 1,000,000
~	ow	NER'S & CONTRACTOR'S PROT	OF 0407540A		07/30/33	07700130	EACH OCCURRENCE	\$ 1,000,000
						50000000000000000000000000000000000000	FIRE DAMAGE (Any one fire)	\$ 50,000
							MED EXP (Any one person)	\$ 5,000
	ļ	BILE LIABILITY IY AUTO				Contraction of the Contraction o	COMBINED SINGLE LIMIT	\$
		L OWNED AUTOS HEDULED AUTOS					BODILY INJURY (Per Person)	<b>S</b> :
		RED AUTOS N-OWNED AUTOS					BODILY INJURY (Per accident)	\$
	GA	RAGE LIABILITY					PROPERTY DAMAGE	\$
******	EXCESS	LIABILITY					EACH OCCURRENCE	\$ 1,000,000
A	X UM	IBRELLA FORM	UL 8467546A		07/30/95	07/30/96	AGGREGATE	\$
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		AND					DISEASE-POLICY LIMIT	S
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	OTHER			***************************************				
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	•		www.fivefii				DOE SHALL IMPOSE NO ØE	
_		on: Neil Cox		OF ANY KIND UP ON THE COMPANY ITS AGENTS OF REPRESENTATIVES.				
F	OBO	x 47027			AUTHORIZED REPI	RESENTATIVE/	TA // ////	
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ACORD 25-S (7/90)

ACORD CORPORATION

2000			
ACORD. CERTIFIC E OF INSURA	ANCE DATE (MM/DD/YY) 7-6-94 M		
PRODUCER STATE OF THE STATE OF	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.		
HALLER INSURANCE SERVICES, INC.	COMPANIES AFFORDING COVERAGE		
02 5444	COMPANY A SAFECO INSURANCE COMPANY OF AMERICA		
INSURED	COMPANY B GEIVED		
PORT WASHINGTON MARINA CONDOMINIUM OWNERS ASSOC (b) (6)	*COMPANY C 13 18 1994		
EDMONDS, WA. 98020	COMPANY D		
COVERAGES	D.N.RAOUATIC LANDS		
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAI INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORD			

EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. POLICY EXPIRATION DATE (MM/DD/YY) POLICY EFFECTIVE TYPE OF INSURANCE LIMITS POLICY NUMBER DATE (MM/DD/YY) s 2,000,000 **GENERAL LIABILITY GENERAL AGGREGATE** s 1,000,000 COMMERCIAL GENERAL LIABILITY PRODUCTS-COMP/OP AGG AX \$ 1,000,000 CLAIMS MADE X OCCUR CP 8467546A 7-30-94 7-30-95 PERSONAL & ADV INJURY s 1,000,000 OWNER'S & CONT PROT EACH OCCURRENCE 50,000 FIRE DAMAGE (Any one fire) 5,000 MED EXP (Any one person) **AUTOMOBILE LIABILITY** COMBINED SINGLE LIMIT ANY AUTO ALL OWNED AUTOS BODILY INJURY (Per person) SCHEDULED AUTOS HIRED AUTOS BODILY INJURY (Per accident) NON-OWNED AUTOS PROPERTY DAMAGE AUTO ONLY - EA ACCIDENT **GARAGE LIABILITY** ANY AUTO OTHER THAN AUTO ONLY EACH ACCIDENT \$ **EXCESS LIABILITY EACH OCCURRENCE** S AGGREGATE **UMBRELLA FORM** OTHER THAN UMBRELLA FORM S WORKERS COMPENSATION AND STATUTORY LIMITS **EMPLOYERS' LIABILITY EACH ACCIDENT** S THE PROPRIETOR/ INCL DISEASE - POLICY LIMIT S PARTNERS/EXECUTIVE OFFICERS ARE: EXCL DISEASE - EACH EMPLOYEE \$ OTHER

CERTIFICATE HOLDER /ADDITTONAL INSURED

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

DEPT. OF NATURAL RESOURCES ACQUATIC LAND

ATTN: BRAD PRUITT

PO BOX 47027 - 1111 WASHINGTON STREET SE

OLYMPIA, WA.

98504-7027

ACORD 25-S (3/93)

#### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED BEPRESENTATIVE

**® ACORD CORPORATION 1993** 



22-A02332

Laurin S. Schweet Direct line: 206-381-0120 LaurinS@schweetlaw.com

December 19, 2012

RECEIVED

DEC 2 0 2012

DNR-SPS

Mr. Mark Mauren Assistant Region Manager State of Washington Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North

Enumclaw, WA 98022-9282

Re: Union Bank vs. Seven JS Investments Limited Partnership (Seven J's)

Dear Mr. Mauren:

We represent Union Bank, successor in interest to the FDIC, as receiver for Frontier Bank. We are foreclosing on a deed of trust granted by Seven J's in favor of Frontier Bank dated December 11, 2003. Pursuant to Section 5 of the Loan Security Agreement, copy enclosed, we are hereby providing notice of default under the loan documents, and we enclose a copy of the Notice of Default, as well as the Notice of Trustee's Sale and Notice of Foreclosure.

Due to the pending foreclosure action, we are requesting that you add us as a party for giving notice of any defaults under the lease pursuant to Section 6, at the following address:

Rainier Foreclosure Services, Inc. c/o Schweet Rieke & Linde, PLLC 575 South Michigan Street Seattle, WA 98108

We appreciate your assistance. If you have any questions regarding this matter, please feel free to contact me.

Yours very truly,

Laurin S. Schweet

LSS/maf Enclosures cc: client OLYMPIA CORY



September 12, 2012

7011 0470 0000 6924 1666

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332 - Notification of Revalued Rent Due

Dear Mr. Johnson:

Your rent has been revalued for the next four-year period beginning November 1, 2012. This revaluation was conducted in accordance with Subsections 4.4 and 4.5 of your aquatic lands lease and the rent calculation methods used were established by the Legislature in RCW 79.105.

Because the assessed value of the upland parcel used to value your lease has increased, your annual rent has increased as well. Your annual water dependent base rent of \$1,252.41 will increase to \$5,007.76, plus leasehold tax of \$643.00.

However, RCW 79.105.240 provides that the annual water-dependent rent established shall not increase more than fifty percent (50%) in any year. As a result, the base water-dependent rent will be stairstepped as follows:

Period	Rent	PPI*	LHT (12.84%)**	Total
11/1/12 to 10/31/13	\$1,878.62	0	\$241.21	\$2,119.83
11/1/13 to 10/31/14	\$2,817.92	0	\$ 361.82	\$3,179.74
11/1/14 to 10/31/15	\$4,226.88	0	\$542.73	\$4,769.62
11/1/15 to 10/31/16	tbd	tbd	tbd	tbd

<sup>\*</sup>ppi = producer price index \*\* lht = leasehold tax

OLYMPIA COPY





tbd = to be determined

Steven Johnson, Limited Partner Seven J's Investments September 12, 2012 Page 2 of 2

Your annual non-water dependent base rent of \$1,793.21 will increase to \$8,686.15, plus leasehold tax of \$1,115.30.

Your total water-dependent rent plus non water-dependent rent is \$10,564.77 plus leasehold tax of \$1,356.51 for a total rent due of \$11,921.28. An invoice for the period of November 1, 2012 through October 31, 2013 will follow under a separate cover. Bills are computer generated and mailed out approximately four weeks before the bill is due. All amounts past due will be charged penalty pursuant to the terms of your lease.

If you wish to appeal the amount of rent identified above, you must follow the procedure outlined in WAC 332-30-128 (copy enclosed). This procedure requires that within thirty (30) calendar days of your receipt of payment due, the department must have received your written request for review of rent containing all the requirements identified in the regulation.

Please address your request to Kristen Swenddal, Aquatic Resources Division Manager, Department of Natural Resources, Aquatic Resources Division, PO Box 47027, Olympia, WA 98504-7027. In the event you wish to deliver your appeal in person, the street address is; Department of Natural Resources, Aquatic Resources Division, 1111 Washington Street SE, Third Floor, Olympia, Washington 98504.

If you have any questions, please contact me at 206-949-1740.

Sincerely,

Lindie Schmidt, Natural Resource Specialist

Shoreline District Aquatics

Pase for

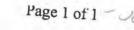
Enclosure

c: District File

Aquatic Resources File

fc/22A02332Revalwd-nwd w-stairstep

SENDER: COMPLETE THIS SE	CTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1,d 3. A item 4 if Restricted Delivery is Print your name and address so that we can return the card Attach this card to the back of or on the front if space permits	desired. on the reverse to you. f the mallplece,	A. Signature  Agent  Addressee  B. Received by Frinted Name)  C. Date of Delivery  9-18-12  D. Is delivery address different from item 12 Yes
Article Addressed to:	4	D. Is delivery address different from item 1?  Yes If YES, enter delivery address below:  No
STEVEN JOHNSON SEVEN J'S INVEST PO BOX 687 BURLEY, WA 98322	MENTS	3. Service Type  Certified Mall Registered Return Receipt for Merchandise Insured Mall C.O.D.
		4. Restricted Delivery? (Extra Fee)
Article Number     (Transfer from service label)	7011 047	70 0000 6924 1666
PS Form 3811, February 2004	Domestic F	Return Receipt 22A02332 102595-02-M-1540



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**Business Solutions** 



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Caring for your natural resources ... now and forever

January 31, 2012

Seven J's Investments, LLC Steven Johnson, Limited Partner PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332 - Insurance Requirement

Dear Mr. Johnson:

While reviewing your file I was unable to find a current insurance policy for general liability and bodily injury. Your aquatic lands lease requires you to have this policy in place at all times and to name the state as additional insured with a 45 day written notice of cancellation.

Please send an updated Certificate of Insurance within thirty (30) days from the date of this letter to the following address:

Department of Natural Resources Shoreline District Aquatics 950 Farman Avenue North Enumclaw, WA 98022-9282

Please ensure your Aquatic Lands Agreement Number is referenced on the certificate.

If you have questions concerning this matter, please call me at (360) 949-1740.

Sincerely,

District File

Aquatic Resources File

Lindie Schmidt, Natural Resource Specialist

Donne Bembe for

OLYTHIN 1 COPY





OCTOBER 25, 2010

DEPARTMENT OF NATURAL RESOURCES SOUTH PUGET SOUND DIVISION 1111 WASHINGTON ST SE OLYMPIA, WA 98504

RE: LETTER OF CREDIT NO. (b) (6) ISSUED IN YOUR FAVOR BY FRONTIER BANK (LETTER OF CREDIT)

DEAR LADIES AND GENTLEMEN:

THIS IS TO CONFIRM THAT FRONTIER BANK IS NO LONGER IN BUSINESS AS FRONTIER BANK DUE TO THE INTERVENTION OF THE FEDERAL DEPOSIT INSURANCE CORPORATION.

UNION BANK, N.A. HAS ASSUMED RESPONSIBILITY FOR FRONTIER BANK'S OBLIGATIONS TO YOU UNDER THE LETTER OF CREDIT.

TO FACILITATE THE TRANSITION, THE TRADE SERVICE OPERATIONS ("TSO") UNIT OF UNION BANK, N.A. WILL BE HANDLING THE LETTER OF CREDIT FROM THIS POINT ONWARD. AND THEREFORE, PLEASE ADDRESS ALL QUESTIONS AND COMMENTS REGARDING THE LETTER OF CREDIT TO TSO, AND MAKE ALL PRESENTATIONS UNDER THE LETTER OF CREDIT TO TSO AT ITS ADDRESS:

UNION BANK, N.A.
TRADE SERVICE OPERATIONS
1980 SATURN STREET, MAILCODE V02-906
MONTEREY PARK, CA 91755
ATTN: STANDBY LETTER OF CREDIT SECTION
TELEPHONE: 1-800-858-9120 OPTION 3
FACSIMILE: (323) 720-2773

AS TIME GOES ON YOU MAY RECEIVE AMENDMENTS TO THE LETTER OF CREDIT THAT HAVE BEEN REQUESTED BY ITS ACCOUNT PARTY, AND WE SHALL BE REQUIRING SUCH AMENDMENTS TO REFLECT THE CHANGE IN THE NAME OF THE RESPONSIBLE BANK, ADDRESS FOR MAKING PRESENTATIONS AND RELATED ISSUES, AS WELL AS THE SUBSTANTIVE AMENDMENT DESIRED.

IT WILL BE A PLEASURE TO SERVE YOU.

SINCERELY,

UNION BANK, N.A.

BY: NAME: BEN CORTES

TITLE: VICE PRESIDENT

CC: BILL ARNESS 22777 INDIANOLA ROAD NE POULSBO, WA 98370



Caring for Your natural resources ... now and forever

September 1, 2010

SEVEN JS INVESTMENTS PO BOX 687 BURLEY, WA 98322-0687

To Whom It May Concern:

My name is Lindie Schmidt. I am the manager of the following authorization(s) you have with the Washington State Department of Natural Resources (DNR): C2200A02332 As an authorized user of State-owned aquatic lands, you are receiving this letter as general information so that we may better serve you in the future.

If you are contemplating changes in your aquatic use that would alter the footprint of your agreement or require regulatory permits, please contact me early in your planning. This may avoid unnecessary expenses and delays. DNR regularly researches and identifies practices to better protect the aquatic environment. By working together in the early stages, I may be able to help streamline the DNR process of reviewing these activities.

If you have questions about your authorization(s), DNR's management responsibilities, or our stewardship of aquatic lands, I invite you to contact me at (206) 949-1740 or via email at Lindie.Schmidt@dnr.wa.gov.

Sincerely,

Lindie Schmidt

Shoreline District Land Manager

Lindie Schmidt

cc: T

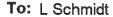
TRO file C2200A02332

## FAX

### From the Desk of Linda at Griffin MacLean, I

Company: Griffin MacLean, Inc.

**Phone:** (425) 822-1368 **Fax:** (425) 822-2737



Company: Dept. of Natural Resources

Phone: ( ) -

Fax: (360) 825-1672

Pages: 4

Date: 1/28/2010 03:00:54 PM

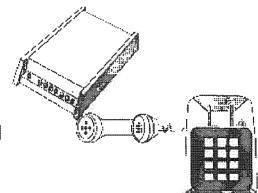
Subject:

Message: L. Schmidt:

We are pleased to attach our Certificate of Insurance showing the Departent of Natural Resources is listed as an Additional Assured as respects the insurance policy for 7J's.

Should you have any questions or need anything additional, please give our office a call. Thank you.

Linda James





January 20, 2010

Mr. Steven Johnson, Limited Partner Seven J's Investments, LLC PO Box 687 Burley, WA 98322

SUBJECT: Aquatic Lands Lease No. 22-A02332 - Insurance Requirement

Dear Mr. Johnson:

According to our records your insurance policy for general liability and bodily injury has expired. Your aquatic lands lease requires you to have this policy in place at all times and to name the state as additional insured with a 45 day written notice of cancellation.

Please send an updated Certificate of Insurance within thirty (30) days from the date of this letter to the following address:

Department of Natural Resources Shoreline District Aquatics 950 Farman Avenue North Enumclaw, WA 98022-9282

Please ensure your Aquatic Lands Agreement Number is referenced on the certificate.

If you have questions concerning this matter, please call me at (206) 949-1740.

Sincerely,

Lindie Schmidt, Natural Resource Specialist

OLYMPIA COPY

c: Region File

Ming of for

Aquatic Resources File

gj/22A02332InsuranceLetter



22-402332

September 15, 2011

Department of Natural Resources Aquatic Resources Division 111 Washington St. SE. PO Box 47027 Oiympia, WA 98504-7027

SUBJECT: Assignment of Funds / Seven J's Investments DBA: Port Of Washington Marina

To Whom it May Concern:

Frontier Bank is now a part of Union Bank, and Union Bank has taken the assets and accounts that Frontier Bank had. The Assignment of Funds that Frontier Bank originally put into place dated April 7, 2005, between you and Seven J's Investments is still in effect and will remain until a release is provided by The Department of Natural Resources.

Sinceraly,

Andrea R. Sandstrom Union Bank – Gig Harbor

ancestrom

Customer Service Manager

Tel: 253-358-4015 Fax: 253-358-4009

andrea.sandstrom@unionbank.com

OLYMPIA COPY



September 8, 2011

Seven J's Investments, LLC Steven Johnson, Limited Partner PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332 - Security Requirement

Dear Mr. Johnson:

Your aquatic lands lease requires you to have financial security in effect at all times. The Department of Natural Resources would like verification that Frontier Bank Security Deposit Number 7133007653 in the amount of \$25,000 and dated April 7, 2005 is still in place toward fulfillment of this security requirement.

Within thirty (30) calendar days from the date of this letter, please provide proof that the required security is still active. Our mailing address is:

Department of Natural Resources Shoreline District Aquatics 950 Farman Avenue North Enumclaw, WA 98022-9282

If this security is no longer valid, please contact me to discuss your options. I can be reached at (206) 949-1740 or via email at <a href="mailto:Lindie.Schmidt@dnr.wa.gov">Lindie.Schmidt@dnr.wa.gov</a>.

Sincerely,

Lindie Schmidt, Natural Resource Specialist

cc:

District File

Donne Beruse for

Aquatic Resources File





March 10, 2011

Steven Johnson, Limited Partner Seven J's Investments, LLC PO Box 687 Burley, WA 98322

Subject: Aquatic Lands Lease No. 22-A02332 - Security Requirement

Dear Mr. Johnson:

Your aquatic lands lease requires you to have financial security in effect at all times. The Department of Natural Resources would like verification that Union Bank previously Frontier Bank Account 7133007653 in the amount of \$25,000 is still in place toward fulfillment of this security requirement.

Within thirty (30) calendar days from the date of this letter, please provide proof that the required security is still active. Our mailing address is:

Department of Natural Resources Shoreline District Aquatics 950 Farman Avenue North Enumclaw, WA 98022-9282

If this security is no longer valid, please contact me to discuss your options. I can be reached at (206) 949-1740 or via email at lindie.schmidt@dnr.wa.gov.

Sincerely,

Lindie Schmidt Natura

1 me Bute for

Lindie Schmidt, Natural Resource Specialist

cc: District File

Aquatic Resources File





December 4, 2008

Mr. Steven Johnson, Limited Partner Seven J's Investments, LLC PO Box 687 Burley, WA 98322

Subject: Aquatic Lands Lease No. 22-A02332 - Adjustment Based on Use

Dear Mr. Johnson:

On September 24, 2008 you were sent a Notification of Revalued Rent Due. That notice indicated that the annual base rent of \$2,206.98 would increase to \$2,876.27, plus leasehold tax of \$369.31 for a total payment due of \$3,245.58. A rental billing for November 1, 2008 to October 31, 2008 followed under a separate cover.

Please note that the increase in value was due to:

- An increase in the assessed value of the upland property. The assessed land value at the time of the last valuation was \$12,740. At the time of the 2008 valuation the assessed land value was \$20,314.
- 2) An Adjustment Based on Use per section 4.3 of the Lease. The Exhibit A survey of the leasehold does not explicitly identify the area of non-water dependent uses within the leasehold. As such, the survey was evaluated to assess the amount of harbor area with upland characteristics (parking area and bulkhead) and the amount of area with buildings on State owned aquatic lands. The total area covered with non-water dependent uses was estimated at 0.573 acres. The total water dependent area was determined to be 3.487 acres.

If you believe the non-water dependent/ water dependent areas identified above are incorrect, please have your surveyor submit a revised survey exhibit. The revised survey



SOUTH PUGET SOUND REGION ■ 950 FARMAN AVE N ■ ENUMCLAW, WA 98022 9282

TEL. (360) 825-1631 ■ FAX: (360) 825-1672 ■ TTY: (360) 825-6381

Equal Opportunity Employer



October 17, 2008

Steven Johnson, Limited Partner Seven J's Investments, LLC. PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332

Dear Mr. Johnson:

On September 23, 2008 I conducted a site inspection of leasehold 22-A02332. In general, your facility appears to be well maintained and in serviceable condition. There are three issues which I would like to address:

1) Pump-Out Float:

The pump-out float has a distinct list. The floatation system for the pump-out should be adjusted so that the float is level and has sufficient freeboard for safe operation.

#### 2) Derelict Vessels:

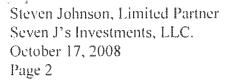
While at the marina, I noticed a vessel which your marina manager indicated was derelict and abandoned at the marina. If there are vessels in your marina, which have been abandoned by their owners, you should consider contacting Mellissa Montgomery, with the DNR derelict vessel removal program. She can be reached at 360-902-1574. She may be able to assist you in disposal of derelict vessels that have been abandoned at your marina. Please note: she will not be able to provide financial assistance through the derelict vessel program if you have officially taken ownership of a vessel.

#### 3) Future Construction:

While your improvements are currently in serviceable condition, you do have a 30-year lease. It is reasonable to anticipate that at some time in the future, you may need to conduct major repairs of your facility. For your future reference, I would like to address the current configuration of your improvements.

Your marina is located within the Bremerton Harbor area. Portions of Docks A, B and C are currently constructed slightly outside of the outer harbor line. The Washington State Constitution and State Law do not allow private parties to lease outside the outer harbor line.

RECYCLED PAPER



As such, in the event of any construction, alteration, replacement, removal or major repair of any improvements associated with Docks A, B or C, the improvements will need to be reconfigured such that the improvements and moorage slips lie completely within the harbor area. Improvements will not be allowed to project beyond the outer harbor line. A survey showing the improvements in relation to the leasehold area will be required to verify the final placement of any improvements constructed at this site.

If you have any questions concerning this matter, please contact me at (206) 949-1740.

Sincerely,

c:

Region File

Donne Berubeyer

Aquatic Resources File

Lindie Schmidt, Natural Resource Specialist

db/22A02332 Inspection 2008





September 24, 2008

CERTIFIED MAIL 7004 1160 0001 2401 4566

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

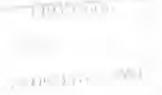
SUBJECT: Aquatic Lands Lease No. 22-A02332 - Notification of Revalued Rent Due

Dear Mr. Johnson:

Your rent has been revalued for the next four-year period beginning November 1, 2008. This revaluation was conducted in accordance with Subsections 4.4 and 4.5 of your aquatic lands lease and the rent calculation methods used were established by the Legislature in RCW 79.90.

Your annual base rent of \$2,206.98 will increase to \$2,876.27, plus leasehold tax of \$369.31 for a total payment due of \$3,245.58. A rental billing for your rent from November 1, 2008 to October 31, 2008 will follow under a separate cover. Bills are computer generated and mailed out approximately four (4) weeks before the bill is due. All amounts past due will be charged penalty pursuant to the terms of your lease.

If you wish to appeal the amount of rent identified above, you must follow the procedure outlined in WAC 332-30-128 (copy enclosed). This procedure requires that within thirty (30) calendar days of your receipt of payment due, the department must have <u>received</u> your written request for review of rent containing all the requirements identified in the regulation.









September 20, 2005

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332

Dear Mr. Johnson:

According to our records we still have not received proof of insurance for general liability and bodily injury. Your aquatic lands lease requires you to have this policy in place at all times and to name the state as additional insured.

To avoid a default situation under the terms of your lease, please send a current Certificate of Insurance within fifteen (15) days from the date of this letter to the following address:

Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

If you have questions concerning this matter, please call me at (360) 825-1631 extension 2600.

Sincerely,

Courtney Wasson, Land Manager

Combine hasson

c: Region File

Aquatic Resources File

局,大学。

fm/22A02332InsuranceLetter

HEVELED PAREN CO



October 17, 2008

Steven Johnson, Limited Partner Seven J's Investments, LLC. PO Box 687 Burley, WA 98322

Subject: Aquatic Lands Lease No. 22-A02332

Dear Mr. Johnson:

On September 23, 2008 I conducted a site inspection of leasehold 22-A02332. In general, your facility appears to be well maintained and in serviceable condition. There are three issues which I would like to address:

1) Pump-Out Float:

The pump-out float has a distinct list. The floatation system for the pump-out should be adjusted so that the float is level and has sufficient freeboard for safe operation.

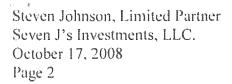
2) Derelict Vessels:

While at the marina, I noticed a vessel which your marina manager indicated was derelict and abandoned at the marina. If there are vessels in your marina, which have been abandoned by their owners, you should consider contacting Mellissa Montgomery, with the DNR derelict vessel removal program. She can be reached at 360-902-1574. She may be able to assist you in disposal of derelict vessels that have been abandoned at your marina. Please note: she will not be able to provide financial assistance through the derelict vessel program if you have officially taken ownership of a vessel.

#### 3) Future Construction:

While your improvements are currently in serviceable condition, you do have a 30-year lease. It is reasonable to anticipate that at some time in the future, you may need to conduct major repairs of your facility. For your future reference, I would like to address the current configuration of your improvements.

Your marina is located within the Bremerton Harbor area. Portions of Docks A, B and C are currently constructed slightly outside of the outer harbor line. The Washington State Constitution and State Law do not allow private parties to lease outside the outer harbor line.



As such, in the event of any construction, alteration, replacement, removal or major repair of any improvements associated with Docks A, B or C, the improvements will need to be reconfigured such that the improvements and moorage slips lie completely within the harbor area. Improvements will not be allowed to project beyond the outer harbor line. A survey showing the improvements in relation to the leasehold area will be required to verify the final placement of any improvements constructed at this site.

If you have any questions concerning this matter, please contact me at (206) 949-1740.

Sincerely,

c:

Lindie Schmidt, Natural Resource Specialist

Donna Berubeger

Region File Aquatic Resources File

db/22A02332 Inspection 2008



September 24, 2008

CERTIFIED MAIL 7004 1160 0001 2401 4566

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

SUBJECT: Aquatic Lands Lease No. 22-A02332 - Notification of Revalued Rent Due

Dear Mr. Johnson:

Your rent has been revalued for the next four-year period beginning November 1, 2008. This revaluation was conducted in accordance with Subsections 4.4 and 4.5 of your aquatic lands lease and the rent calculation methods used were established by the Legislature in RCW 79.90.

Your annual base rent of \$2,206.98 will increase to \$2,876.27, plus leasehold tax of \$369.31 for a total payment due of \$3,245.58. A rental billing for your rent from November 1, 2008 to October 31, 2008 will follow under a separate cover. Bills are computer generated and mailed out approximately four (4) weeks before the bill is due. All amounts past due will be charged penalty pursuant to the terms of your lease.

If you wish to appeal the amount of rent identified above, you must follow the procedure outlined in WAC 332-30-128 (copy enclosed). This procedure requires that within thirty (30) calendar days of your receipt of payment due, the department must have <u>received</u> your written request for review of rent containing all the requirements identified in the regulation.





Steven Johnson, Limited Partner Seven J's Investments September 24, 2008 Page 2

Please address your request to Rich Doenges, Manager, Department of Natural Resources, Aquatic Resources Division, PO Box 47027, Olympia, Washington 98504-7027. In the event you wish to deliver your appeal in person, the street address is; Department of Natural Resources, Aquatic Resources Division, 1111 Washington Street SE, First Floor, Olympia, Washington 98504.

If you have any questions, please contact me at 206-949-1740.

Sincerely,

Lenne Bembe for

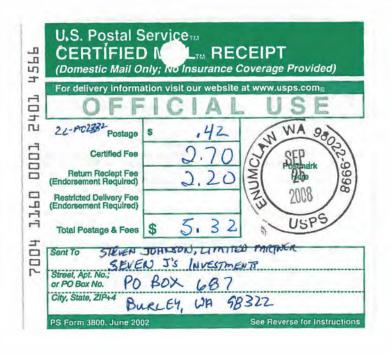
Lindie Schmidt, Natural Resource Specialist Shoreline District Aquatics Region

Enclosure

c: Region File

Aquatic Resources file

db/22A02332reval



	Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.  Print your name and address on the reverse so that we can return the card to you.  Attach this card to the back of the mallpiece, or on the front if space permits.	B. Received by (Printed Name)  C. Date of Delivery
	1. Article Addressed to:  Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322	D. Is delivery address different from item 1?
	2. Article Number	4. Restricted Delivery? (Extra Fee) Yes
KECRIVED	(Transfer from service label)	turn Receipt 72 - 402 33 2 102595-02-M-1540



September 26, 2006

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332 - Insurance Requirements

Dear Mr. Johnson:

According to our records your insurance policy for general liability and bodily injury has expired. Your aquatic lands lease requires you to have this policy in place at all times and to name the state as additional insured. Additionally, a general aggregate limit is set at \$2,000,000 with a 45 day notice of cancellation.

To avoid a default situation under the terms of your lease, please send a current Certificate of Insurance that meets the requirements of your lease agreement as outlined in Subsection 10.3, by October 20, 2006 to the following address:

Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

If you have questions regarding this letter, please call me at (360) 825-1631 extension 2600.

Sincerely.

Courtney Wasson, Natural Resource Specialist

6. 10 0

# 11 X Same

c: Region File

Aquatic Resources File

fm/22A02332Insurance



September 20, 2005

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332

Dear Mr. Johnson:

According to our records we still have not received proof of insurance for general liability and bodily injury. Your aquatic lands lease requires you to have this policy in place at all times and to name the state as additional insured.

To avoid a default situation under the terms of your lease, please send a current Certificate of Insurance within fifteen (15) days from the date of this letter to the following address:

Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

If you have questions concerning this matter, please call me at (360) 825-1631 extension 2600.

Sincerely,

Courtney Wasson, Land Manager

Efter bug it de son

c: Region File

Aquatic Resources File

Con Allina

fm/22A02332InsuranceLetter

December 4, 2008

Mr. Steven Johnson, Limited Partner Seven J's Investments, LLC PO Box 687 Burley, WA 98322

Subject: Aquatic Lands Lease No. 22-A02332 - Adjustment Based on Use

Dear Mr. Johnson:

On September 24, 2008 you were sent a Notification of Revalued Rent Due. That notice indicated that the annual base rent of \$2,206.98 would increase to \$2,876.27, plus leasehold tax of \$369.31 for a total payment due of \$3,245.58. A rental billing for November 1, 2008 to October 31, 2008 followed under a separate cover.

Please note that the increase in value was due to:

- An increase in the assessed value of the upland property. The assessed land value at the time of the last valuation was \$12,740. At the time of the 2008 valuation the assessed land value was \$20,314.
- 2) An Adjustment Based on Use per section 4.3 of the Lease. The Exhibit A survey of the leasehold does not explicitly identify the area of non-water dependent uses within the leasehold. As such, the survey was evaluated to assess the amount of harbor area with upland characteristics (parking area and bulkhead) and the amount of area with buildings on State owned aquatic lands. The total area covered with non-water dependent uses was estimated at 0.573 acres. The total water dependent area was determined to be 3.487 acres.

If you believe the non-water dependent/ water dependent areas identified above are incorrect, please have your surveyor submit a revised survey exhibit. The revised survey

Equal Opportunity Employer





RECYCLED PAPER

Mr. Steven Johnson, Limited Partner Seven J's Investments, LLC December 4, 2008 Page 2 of 2

should clearly indicate the area of the non-water dependent uses within the leasehold and show the location of all improvements. Please note the existing Exhibit A does not depict the improvements associated with the access pier to the marina and the bulkhead.

If you have any questions or concerns, please contact me at 206-949-1740.

Sincerely,

Jonne Berute for

Lindie Schmidt, Natural Resource Specialist

Region File C:

Aquatic Resources File

db/22A02332Adjust





DOUG SUTHERLAND Commissioner of Public Lands

April 15, 2005

Stephanie Stanberry Port Washington Marina 1805 Thompson Drive Bremerton, WA 98337

Dear Stephanie:

After our conversation I asked the Department of Licensing (DOL) what types of boats need to be registered. Enclosed is an e-mail I received from Marvin Westergard at the DOL detailing what boats do <u>not</u> need to be registered. All other boats operating on the water are required to be registered with DOL. In case you are wondering, Puget Sound (and therefore Port Washington Narrows) is included in the "federal waters" definition.

Hope this helps. Give me a call at (253) 797-5146 if you have any questions. I appreciate all of your efforts.

Sincerely,

Melissa Montgomery as

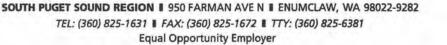
Melissa Montgomery, Land Manager Shoreline District Aquatics Region

Enclosure

c: Region File

gj/PortWANarrows-BoatRegistrationReq







From: "Westergard, Marvin" <MWESTERGAR@DOL.WA.GOV>

To: "'melissa.montgomery@wadnr.gov'" <melissa.montgomery@wadnr.gov>

Date: 4/12/2005 10:50:33 AM

Subject: title requirements and enforcement

Vessels not required to be registered:

- \* A 16-foot boat or less with no motor, or a motor of 10 horsepower or less, as long as it isn't used on federal waters
- \* Charter vessels including, bare boat and time-share charters.
- \* Commercial fishing vessels
- \* Commercial vessels displaying decals issued annually by DOR.
- \* Government owner.
- \* Nonresident owned vessel primarily engaged in commerce.
- \* Nonresident privately owned vessels registered in other countries as long as the vessel:
- a) is registered or numbered in accordance with laws of that country, or
  - b) has a VALID U.S. Customs Service cursing license or
- c) has a valid Washington State issued Out of Country Identification Document, it in this state for more than 60 days.
- \* Sailboats under 16 feet in length, without a motor.
- \* Seaplanes.
- \* Vessel tender (dinghy) as long as the tender is powered by less than a 10 horsepower and owned by the vessel for which a valid vessel number has been issued and is used as a tender for direct transportation between the vessel and shore.
- \* Vessels temporarily in Washington undergoing repair or alteration as long as the registered owner has filed an Affidavit of Exemption with DOR every 60 days and an employee of the repair facility is on board while testing the vessel.
- Tribal treaty fishing vessels.

Vessels operated on the water without current registration or a valid permit may be subject to citation by

law enforcement. I would not hesitate to report anyone who is in Washington without current vessel registration or that falls under the above to any law enforcement officer.





# SEVEN J'S INVESTMENTS P. O. BOX 687 BURLEY, WA 98322 253.851.4854

April 5, 2005

RECEIVED
APR 0 7 2005
DNR-SPS

Courtney Wasson, Land Manager Washington State Department of Natural Resources Shoreline district Aquatics Region 950 Farman Ave. N. Enumclaw, WA 98022-9282

Subject:

Aquatic Lands Lease No. 22-A02332

Dear Ms. Wasson:

Per your letter dated March 16, 2005, enclosed is your copy of the recorded final Lease No. 22-A02332 for your records.

Sincerely,

Steven Johnson, Limited Partner

Seven J's Investments

CLYMPIA COPY

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RANTUA-Mi uwa eberatakani kamupa — boljika

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March 17, 2005

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332

Dear Mr. Johnson:

Enclosed is an invoice in the amount of \$2,153.86 for the period of November 1, 2004 to October 31, 2005 for Lease No. 22-A02332.

There is a credit in the amount of \$1,469.81 resulting from the pro-rated rent from your previous Lease No. 22-002332.

This credit will be applied to invoice number IB29759. Please remit the balance due of \$684.05 within thirty (30) days of the date of this letter.

If you have any questions, please call me at (360) 825-1631, extension 2600.

Sincerely,

Courtney Wasson, Land Manager Shoreline District Aquatics Region

Courtney Wasson

Enclosure

c: Region File

Aquatic Resources File

**OLYMPIA COPY** 

gj/22A02332TransmitInvoice



MAR 2 8 2005

DNR ~ TITLE OFFICE



March 16, 2005

**CERTIFIED MAIL** 

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Aquatic Lands Lease No. 22-A02332

Dear Mr. Johnson:

Enclosed is a final copy of Lease No. 22-A02332 for your records. Please have this document recorded per the terms of the lease and return a <u>copy</u> of the recorded lease to us within thirty (30) days of the date of this letter. The original document is for your records.

If you should have any questions, feel free to contact me at (360) 825-1631, extension 2600.

Sincerely,

Courtney Wasson, Land Manager Shoreline District Aquatics Region

Countrey Wasser (4)

Enclosure

-20-

c: Region File

Aquatic Resources File

gj/22A02332TransmitFinal





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to carrie di Minima di Marina di M

THE MANAGEMENT OF THE PARTY OF

## SEVEN J'S INVESTMENTS PORT WASHINGTON MARINA P.O. BOX 687 BURLEY, WA 98322 253-851-4854

Mr. Mark Mauren, Land Manager Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

RECEIVED FEB 0 7 2005 DNR-SPS

Re: Aquatic Lands Lease No. 22-A02332

Dear Mr. Mauren:

Enclosed please find the new Aquatic Lands Commercial Lease signed, dated and notorized, as requested, on January 31, 2004.

Please let me know the amount due on the new lease since I am unsure if the effective date is different and I will forward payment.

Also, please forward me a copy of the lease once it is finalized.

Thank you,

Steven C. Johnson

Seven J's Investments

# SLVEN J'S INVESTMENTS PORT WASHINGTON MARCHA P.O. BON DON BURLES DIA DRIZZ 255-251-252

Mr. Mark Manner, Land Manner
Department of Mannel Resource
Shortline District Aquatics Region
950 Farmur Avenue Lorth
Enomelaw, WA 08022-0282

Dear, Mr. Man etc.

Enclased please that the new Aquatic Lands Commercial Lease signal, dated and maintines ... requested, no Japan y 31, 2004

Please for so know the among during do new toget since I not us. If the set, tive doctor of different and I will forward payment.

also, please forward measons of the lease price it in firminged.

bank you

Seven J's Iro estment

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RECEIVED

FEB 2 2 2005

DNR ~ TITLE OFFICE



DOUG SUTHERLAND Commissioner of Public Lands

December 1, 2004

Steven Johnson, Limited Partner Seven J's Investments PO Box 687 Burley, WA 98322

SUBJECT: Aquatic Lands Lease No. 22-A02332

Dear Mr. Johnson:

Enclosed are two (2) identical originals of Lease No. 22-A02332. Please sign and date both copies and return them within thirty (30) days from the date of this letter to:

Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

Please note that your signature must be notarized. Each document contains a certificate of acknowledgement for this purpose.

Before the department can finalize your aquatic lands Lease, within thirty (30) days we must also receive:

- Rent for the period of November 1, 2004, to October 31, 2005, in the amount of \$1,192.47 for water-dependent use and \$716.30 for nonwater-dependent use, plus Leasehold tax of \$245.09 for a total of \$2,153.86, pursuant to Subsection 4.1 of the Lease. This amount will be reduced by \$1,469.81 for payment already made under agreement number 22-002332, making the total amount due \$684.05
  - Evidence of insurance coverage in accordance with Subsection 10.3 through 10.4 of the Lease. Required coverage includes: Comprehensive General Liability \$1,000,000 per occurrence and \$2,000,000 annual aggregate, Physical Property Damage and Builder's Risk. Current certificate is due to expire December 11, 2004.





Steven Johnson, Limited Partner December 1, 2004 Page 2

Upon receiving the items listed above and completion of our final evaluation, we will submit them to DNR management for their review and final execution. Please call me at (360) 802-7020, if you have any questions.

Sincerely,

Mark Mauren GN

Mark Mauren, Land Manager Shoreline District Aquatics Region

Enclosures

c: Region File

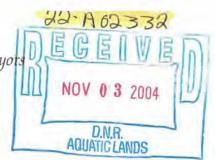
Aquatic Resources file

gj/22A02332Transmit



Ward C. Muller and Associates, Licensed Land Surveyors

217 Sidney Avenue Port Orchard, WA 98366 Telephone (360)876-3443 Fax (360)377-5951 www.wcmassoc.com



October 24, 2004

Washington State Dept of Natural Resources South Sound Region 950 Farman Avenue North Enumclaw, WA 98022-9282

RE: Final Survey Aquatic Land Lease No. 22-A02332

Dear Sirs:

Enclosed you will find two (2) copies of the recorded Record of Survey for Aquatic Land Lease No. 22-A02332 size  $18^{\prime\prime}$  x  $24^{\prime\prime}$  and two (2) copies  $8\ 1/2^{\prime\prime}$ x  $11^{\prime\prime}$  with recording information.

Additionally enclosed is a cd with copies of the ROS drawing in Vectorworks Version 10. A viewer may be secured by download from www. nemetchek.net

Respectfully

Lyle R. Muller

enclosures



OCT 1 9 2004

AUHATIG LANDS

From:

MARK MAUREN

To:

(b) (6)

Date:

9/23/04 10:29AM

Subject:

Re: Port Washington Marina

Hi Steve and Gale

Thanks you for taking the time to meet with us yesterday and go through the lease and provide input on the plan of operations. We left the meeting with the understanding that you would touch base with the bank to see if you really need to extend the lease. If you do, I will try and get a rough draft of the plan of operation and the lease to you in a few weeks. Some of the key information that I want to confirm is:

- 1) 82 slips
- 2) 63 pilings
- 3) The house barge is currently not being used as a residence. If the barge is being used as a residence you will be charged a non water dependant rate for the foot print of the barge (20' by 40'?)
- 4) Less then 10% of the slips are being utilized as a primary residence.
- 5) You have a pumpout.
- 6) You provide electrical, phone, water and cable to each slip.
- 7) You have upland restroom facilities which are hooked up to City sewer.
- 8) Slip lengths range from 20' to 60'
- 9) You have plans to eventually expand to the East
- 10) The docks are in good shape and there is no exposed Styrofoam

I guess the balls in your court for know.

Mark

:)

>>> (b) (6)

> 09/21/04 01:38PM >>>

Mr Mauren:

We spoke yesterday about meeting at the marina to go over a new lease for the marina. Steve and I could meet with you tomorrow, Wednesday, September 22nd, or next week on Monday, September 25th. Please let me know if either of these will work for you.

Gail Johnson 253-851-4854

CC:

MELISSA MONTGOMERY; Shannon Soto

OLYMPIA CO.







September 14, 2004

Steven Johnson, Senior Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Survey Requirements for Application No. 22-A02332

Dear Mr. Johnson:

The Department of Natural Resources (DNR) has reviewed your revised preliminary plat and when it is recorded it will be acceptable for use as "Exhibit A".

Please have your surveyor submit a final digital copy in AutoCAD.DWG or DXF, two full size blue lines (18"x 24") and two reduced (8.5"x 11") exhibits all with the recording information.

If you have any questions please call me at (360) 825-1631 extension 2600.

Sincerely,

Courtney Wasson, Land Manager

c: Region File

Aquatic Resources File

Courtney Wasson (G)

gj/22A02332FinalSurvey





To: Ginger Jepson

Aquatics Region, SPS Office.



Re: Record of Survey for aquatic lease #22-A02332, for Seven J's Investments, in

Bremerton Harbor. Surveyed by Lyle R. Muller, PLS, of Ward Muller &

Associates.

The corrections I specified have been made and, once recorded at the office of the Kitsap County Auditor, the survey will be acceptable for exhibit A purposes. The lease survey specifications require that you be provided with a digital (.dwg or .dxf) file, two (2) 18"x 24" copies and one reduced copy (8-1/2" x 11"), with the recording information on them. If and when you receive it, please forward the digital file to this office.

Sincerely,

Kenneth A. Brown, PLS

Aquatic Lands Ownership Specialist

Land Survey Section

Engineering and General Services Division

Kenter G. Com

PO Box 47060

Olympia WA 98504-7060

OLYMPIA COPT



DOUG SUTHERLAND Commissioner of Public Lands



August 3, 2004

Steven Johnson, Senior Partner Seven J's Investments PO Box 687 Burley, WA 98322

Subject:

Survey Requirements for Application No. 22-A02332

Dear Mr. Johnson:

The Department of Natural Resources (DNR) has reviewed your survey for recordation specifications with Public Lands survey office. The items noted in the attached memorandum need to be corrected in order for the survey to be accepted for use as "Exhibit A" by DNR.

Your application cannot be processed until this survey is complete. Please return the revised exhibit to our South Puget Sound Office. Please have your surveyor submit two full size blue lines and one reduced (8.5"x 11") exhibits of the revised survey.

If you have any questions please call me at (360) 825-1631 extension 7042.

Sincerely,

Ginger Jepson, Administrative Assistant Shoreline District Aquatics Region

Enclosure

c:

Region File

Hing Jupson

Aquatic Resources File



gj/22A02332Survey

To: G

Ginger Jepson

Aquatics Region, SPS office.

Re: Record of Survey for aquatic lease #22-A02332, for Seven J's Investments, industric LANDS

Bremerton Harbor. Surveyed by Lyle R. Muller, PLS, of Ward C. Muller &

Associates.

I have reviewed the preliminary survey map for compliance with DNR lease survey specifications and the following changes, additions, and/or corrections are required:

- NAD 83/91 coordinates are given and a control diagram is depicted, however, I
  see no coordinate connection to the subject property on the face of the survey.
  This needs to be remedied.
- There are two basis of bearing statements, one appropriately says NAD 83/91
   North zone, the other says the bearing between the two section corners shown. As I don't have the coordinates of those corners, I can't tell if that bearing is grid or not. This creates confusion that needs to be clarified.
- The bearings in the legal description do not match the graphic depiction.
   Apparently the legal description was transcribed from an earlier survey. If so, a reference to that survey should be included in the description.

When the aforementioned changes have been made, the revised survey map must be resubmitted for further/final review. Please forward a copy of these comments, along with a copy of DNR's survey specifications to the client's surveyor. If any questions arise, pleases call me at 360-902-1379.

Sincerely,

Kenneth A. Brown, PLS

Aquatic Lands Ownership Specialist

Kennen G. Bron

Land Survey Section

Engineering and General Services Division

PO Box 47060

Olympia WA 98504-7060

ALCEIVED
JUL 28 2004
DINIR-SIPS





DOUG SUTHERLAND Commissioner of Public Lands

June 22, 2004

Steven C. Johnson Seven J's Investments PO BOX 687 Burley, WA 98322

SUBJECT: Insurance Renewal for Aquatic Lands Lease No. 22-002332

Dear Mr. Johnson:

Section 8.4 of your aquatic lands lease requires you to have general liability and bodily injury insurance and to name the state as additional insured. To-date we have not received a current Certificate of Insurance.

To avoid termination of your lease, please send a current Certificate of Insurance within fifteen (15) days from the date of this letter, to my attention at the following address:

Department of Natural Resources Shoreline District Aquatics Region 950 Farman Avenue North Enumclaw, WA 98022-9282

If you have questions concerning this matter, please call me at (360) 825-1631 extension 2600.

Sincerely,

100000

Courtney Wasson, Land Manager

c: Region File

Aquatic Resources File

CLYJVIPIA COPY



April 2, 2004

Mr. Mark Mauren
State of Washington
Department of Natural Resources
Shoreline District Aquatics Region
950 Farman Avenue North
Enumclaw, WA 98022-9282

Re: Seven J's Investments Bond

Dear Mr. Mauren:

Enclosed for your signature and notary acknowledgement is the original DNR bond.

After you have signed this bond, please return a copy to me and forward a copy of the signed document to Linda Wickizer at Fox Insurance Group, 6912 - 220<sup>th</sup> St. S.W., Suite 200, Mountlake Terrace, WA 98043.

Thank you,

Steven C. Johnson

Seven J's Investments

P.O. Box 687

Burley, WA 98322

253-851-4854







February 19, 2004



Steven Johnson, Senior Partner Seven J. Investments Washington Limited Partnership P.O. Box 687 Burley, WA 98322

Subject:

Survey Requirements for Application No. 22-A02332

Dear Mr. Johnson:

The Department of Natural Resources (DNR) has reviewed your survey for recordation specifications with Public Lands survey office. The items noted in the attached memorandum need to be corrected in order for the survey to be accepted for use as "Exhibit A" by DNR.

Your application cannot be processed until this survey is complete. Please return the revised exhibit to our South Puget Sound Office. Please have your surveyor submit two full size blue lines and three reduced (8.5"x 11") exhibits.

If you have any questions please call me at (360) 825-1631 extension 2600.

Sincerely,

Courtney Wasson, Land Manager

Country Wasson (4)

Enclosure

c:

Region File

Aquatic Resources File

YMPIA COPY

gj/22A02332Survey

From:

**GINGER JEPSON** 

To:

VICKIE DIAMOND

Date:

2/24/04 10:47AM

Subject:

Re: Seven Js Investments, Application

Hi Vickie,

I double checked with the land manager and she does want an "A" number for it.

Thanks!

Ginger

>>> VICKIE DIAMOND 02/20/04 09:11AM >>>

Hello Ginger,

Your memo on this application says to issue an "A" number for this application. However, there's a memo attached to it from Seven Js that says they would like to replace their existing lease with this new one. Is this for a renewal or an entirely different number?

Thank you! Vickie 2-1238

## SPEED MEMO

То	Vickie Diamond		NRB-F	tquatics	
From _	aingur Jason		SPS- Ac	quatics	
Subject	Seven J's Investments	22-002332	location	Date 2/17/04	

Please issue an "A" number for Seven J's Investments.

Thank-you,

Ginger

All number for Seven J's Investments.

FEB 1 9 2004

AQUATIC LANDS

SIGNED

REPLY

DATE

SIGNED

FORM NN-07 MP 7/93 COMMODITY NO. 7540 RES 012 This form is printed on 3-part carbonless recycled paper.

() of the 18



February 12, 2004



Piers 55 and 56 LLC c/o Martin Smith Inc. 83 S. King Street #106 Seattle, WA 98104

Subject: Survey Requirements for Application No. 22-A02496

Dear Mr. Astor:

The Department of Natural Resources (DNR) has reviewed your revised preliminary plat and when it is recorded it will be acceptable for use as "Exhibit A".

Please have your surveyor submit a final digital copy in AutoCAD.DWG or DXF, two full size blue lines (18"x 24") and two reduced (8.5"x 11") exhibits all with the recording information.

If you have any questions please call me at (360) 825-1631 extension 7017.

Sincerely,

Dave Kiehle, Section Manager

Shoreline District Aquatics Region

c: Region File

Aquatic Resources File

gj/22A02496FinalSurvey



January 31, 2004

Courtney Wasson Land Manager Department of Natural Resources Shoreline District Aquatics Region 950 Farman Ave. N. Enumclaw, WA 98022-9282

RECEIVED
FEB 0 4 2004
DNR-SPS

Re: Lease for Seven Js Investments

Dear Ms. Wasson:

Enclosed is our Application for Authorization to Use State-Owned Aquatic Lands. This purpose of this application is to replace our existing Assignment of Lease for No. 22-002332.

We are enclosing the following documentation:

- 1. Application
- 2. Amendment to the Certificate of Limited Partnership
- 3. Modification of Limited Partnership Agreement of Seven Js Investments
- 4. Ownership of Seven Js Investments Limited Partnership
- 5. Special Power of Attorney
- 6. Aerial photograph of Marina
- 7. Copy of the survey prepared on May 5, 1993.

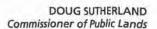
No changes have been made to the property that would be reflected in a survey, since the 1993 survey. Any survey taken today would be a copy of the one taken in 1993.

Although all documentation transferring title of the Port Washington Marina to Seven J's Investments have been filed with the Auditor, we have not yet received copies of those documents. We will forward a copy of them to you once we receive them.

Thank you for your consideration of our application. We look forward to hearing from you soon.

Sincerely,

STEVEN C. JOHNSON Seven Js Investments



UULUUC





December 29, 2003

**CERTIFIED MAIL** 

Steven Johnson Seven J's Investments, LP (b) (6) Seattle, WA 98112

Subject:

Aquatic Lands Agreement No. 22-002332

Dear Mr. Johnson:

Enclosed is a final copy of Consent to Assignment of Lease for Security Purposes No. 22-002332 and a final copy of Loan Security Agreement No. 22-002332 for your records.

If you should have any questions, feel free to contact me at (360) 825-1631 extension 2600.

Sincerely,

Courtney Wasson, Land Manager

Shoreline District Aquatics Region

Enclosure

c: Region File

Aquatic Resources File

gj/22002332TransmitFinal-Lessee



**SOUTH PUGET SOUND REGION** ■ 950 FARMAN AVE N ■ ENUMCLAW, WA 98022-9282

\*\*TEL: (360) 825-1631 ■ FAX: (360) 825-1672 ■ TTY: (360) 825-6381

\*\*Equal Opportunity/Affirmative Action Employer\*\*





SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>1. Article Addressed to:</li> <li>Swen J's Investments</li> <li>PO Box 687</li> <li>Burley, WA 98322</li> </ul>	A. Signature
2. Article Number (Transfer from service label)	2410 0004 8575 1644
PS Form 3811, August 2001 Domestic	Return Receipt 22-002332 102595-02-M-103

JAN 2 3 2004



December 29, 2003

**CERTIFIED MAIL** 

Matthew F. Kover, VP and Manager Frontier Bank 10705 Silverdale Way NW PO Box 3075 Silverdale, WA 98383

Subject:

Aquatic Lands Agreement No. 22-002332

Dear Mr. Kover:

Enclosed is a final copy of Consent to Assignment of Lease for Security Purposes No. 22-002332 and a final copy of Loan Security Agreement No. 22-002332 for your records.

If you should have any questions, feel free to contact me at (360) 825-1631 extension 2600.

(1)

Sincerely,

Courtney Wasson, Land Manager

Courtney Wasson

Shoreline District Aquatics Region

Enclosure

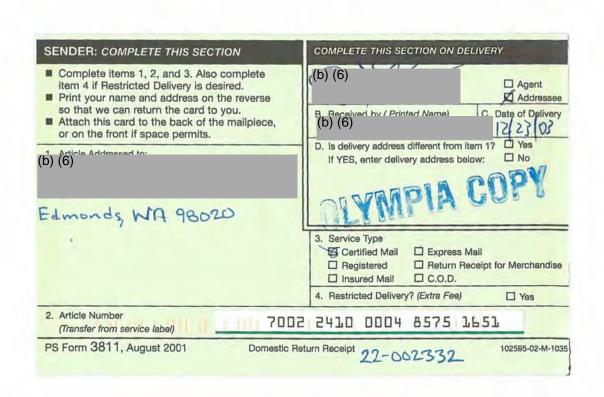
c: Region File

Aquatic Resources File

gj/22002332TransmitFinal-Lender







JAN 2 3 2004



December 22, 2003

### **CERTIFIED MAIL**

Steven Johnson, Senior Partner Seven J. Investments Washington Limited Partnership P.O. Box 687 Burley, WA 98322

Subject:

Aquatic Lands Assignment of Lease for No. 22-002332

Dear Mr. Johnson:

Enclosed is a final copy of Assignment of Lease No. 22-002332 for your records.

If you should have any questions, feel free to contact me at (360) 825-1631 extension 2600.

Sincerely,

Courtney Wasson, Land Manager (4)

Shoreline District Aquatics Region

Enclosure

c: Region File

Aquatic Resources File

gj/22002332TransmitFinal-Assignee





December 22, 2003

**CERTIFIED MAIL** 

(b) (6)

Edmonds, WA 98020

Subject:

Aquatic Lands Assignment of Lease for No. 22-002332

Dear (b) (6)

Enclosed is a final copy of Assignment of Lease No. 22-002332 for your records.

If you should have any questions, feel free to contact me at (360) 825-1631 extension 2600.

Sincerely,

Courtney Wasson, Land Manager

Shoreline District Aquatics Region

Courtney Wasson

Enclosure

c: Region File

Aquatic Resources File

gj/22002332TransmitFinal-Assignor

LYMPIA COPY







December 15, 2003

Mildred G. Johnson, General Partner Seven J's Investments, LP (b) (6)

Seattle, WA 98112

Subject:

Aquatic Lands Agreement No. 22-002332

Dear Mr./Mrs./Ms.:

Enclosed are three (3) identical originals of Consent to Assignment of Lease for Security Purposes No. 22-002332 and Loan Security Agreement No. 22-002332. Please sign and date all copies and forward them within thirty (30) days from the date of this letter to:

Matthew F. Kover, VP & Manager Frontier Bank 10705 Silverdale Way NW PO Box 3075 Silverdale, WA 98383

Please note that your signature must be notarized. Each document contains a certificate of acknowledgment for this purpose.

Upon receiving the signed, notarized documents from the assignee and completion of our final evaluation, we will submit them to DNR management for review and final execution. Please call me at (360) 825-1631 extension 2600, if you have any questions.

Sincerely,

Courtney Wasson, Land Manager Shoreline District Aquatics Region

Enclosures

c: Region File

Aquatic Resources File

OLYMPIA COPY RECEIVED

Chrp: , 5 1 July 18-03

JAN S S SEE

DEC 2 3 2003

DNR-SPS

fm/22002332TransmitAssign

SOUTH PUGET SOUND REGION ■ 950 FARMAN AVE N ■ ENUMCLAW, WA 98022-9282

TEL: (360) 825-1631 ■ FAX: (360) 825-1672 ■ TTY: (360) 825-6381

Equal Opportunity/Affirmative Action Employer



via federal express December 12, 2003

Courtney Wasson, Land Manager Washington State Dept Natural Resources 950 Farman Avenue North Enumclaw, WA 98022-9282 1/2 ( 2 1/2 )

Re:

Our File 48090226

Aquatic Lands Assignment of Lease for No.

22-002332

Faulds-Ernst to Seven Js Investments

### Courtney:

Per our numerous telephone conversations, enclosed herewith please find three (3) identical originals of Assignment of Lease for No. 22-002332 which have been executed by Assignor (Faulds-Ernst) and Assignee (Seven Js Investments) and notarized accordingly.

These are submitted for review and final execution and return for recording and filing. IN ADDITION, this will confirm that there will be available on your state form(s) a Loan Security Agreement and Consent to Assignment of Lease for Security Purposes involving Seven Js Investments and Frontier Bank.

Please call me at 206-343-8408 directly to advise when the executed "Notice" is available to be picked up by courier along with the security documents for the bank. We will have the security documents executed and subsequently returned for review and signature by DNR as well.

Thanking you in advance for your consideration and cooperation,

1001111

Dee McComb

AVP/ Commercial Officer

direct: 206-343-8408

:hs/encl

**GLYMPIA CUPY** 



December 9, 2003

DEC 2 8 2003

(b) (6)

Edmonds, WA, 98020

Subject:

Request for Clarification on Aquatic Lands Lease 22-002332

Dear (b) (6)

In accordance with requirements set forth in Section 1031 Tax Deferred Exchange, the Department of Natural Resources (DNR) is willing to offer a thirty (30) year lease term to (b) (6) ("lessees"), who are the current lessees of Aquatics Land Lease 22-002332.

Furthermore, the DNR is aware that Seven J's Investments, LLC is advocating obtaining the leasehold interests of lease 22-002332. At this time, the DNR is also willing to offer Seven J's Investments with the same thirty (30) year lease.

If you have any questions in regards to this letter, please contact me at (360) 825-1631 extension 2600.

Thank you,

Courtney S. Wasson, Aquatic Land Manager

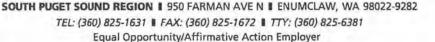
Shoreline District, Aquatic Region

c: Region File

Aquatic Resources File

fm/22002332Faulds-Ernst1031





JAN 2 3 2004

## FAX COVERSHEET

TO:

Courfney Wassen

COMPANY:

BNR

FAX#

360-825-1672

PHONE #

360-455-6577 pager

DATE:

12/8/03

# of PAGES

# of PACES

) 3 (Including Community)

DATE:

12/8/03

-000 . \$3 = 83 >> pager

DATE:

12/0/02

FAULUS/ERNSI

December 8, 2003

Department of Natural Resources
Courtney Wasson
Aquatic Land Manager
Shoreline District Aquatics Region
State of Washington

Dear Courtney.

Thank you for your letter dated 12/01/03 indicating that if the lease is not assigned, the DNR is willing to negotiate a new lease agreement with a thirty -year term. We appreciate your efforts on our behalf. However, after review by our exchange facilitator, Craig Gourley of Exchange Connection, we have been informed that in order for our sale to qualify for the 1031 tax-deferred exchange, we need from your office an amendment or attachment to the current lease No. 22-002332, which allows for the option to extend the existing lease for a minimum of eleven years. This would bring the total lease period back to the thirty-year minimum requirement which is required at closing.

This is merely an "academic" requirement as imposed by the IRS. The fact is, the purchaser is required by our agreement to apply for and obtain a new lease with you within 6 months of closing of this transaction, or by June 11, 2004. Further, in order to obtain his financing for purchase of the marina, Frontier Bank requires that he obtain a new thirty-year lease with you immediately after closing.

The amendment we require can stipulate that in the event the option is exercised, the terms of the existing lease would need to correspond to the same terms required in a new lease agreement. It could be a very simple document. Then, when the purchaser obtains his brand new lease, this will all go away anyway. This should satisfy all parties, namely the IRS

Let me know what you think. We are in your capable hands.



December 1, 2003

DEC 1 6 2003

(b) (6)

Port Washington Marina (b) (6)

Edmonds, WA 98020

Subject:

-

Assignment of Lease No. 22-002332 "No Release"

Dear (b) (6)

As discussed in our phone conversation today, the Department of Natural Resources (DNR) is aware that you (lessee) are currently requesting an assignment of the leasehold under Aquatic Lands Lease 22-002332. Per our discussion, if the lease is not assigned, the DNR is willing to negotiate a new lease agreement, with a thirty (30) year lease term, if the lessee requests to do so.

Also per the phone discussion the DNR is aware that you have concerns regarding the "No Release" section of the Assignment. Washington common law holds that an assignor remains liable upon the original instrument after it is assigned to a new lessee. This section of the Assignment just reaffirms Washington State's common law. Other reasons behind the DNR including the "No Release" section are:

- It is the standard custom and practice in both commercial and residential real estate transactions that the assignor is not released upon the assignment.
- An individual who signs a legal contract should only execute the contract if he or she is
  willing to be legally bound to the terms of the contract for the entire term of the contract.
- The legal doctrine that the assignor remains liable upon assignment encourages the
  assignor to assign the lease only to an assignee that is highly responsible and will
  honorably perform all the terms of the original lease.
- An assignment that releases the assignor from performance of the original lease could
  potentially release the assignor from liabilities arising under that lease. DNR cannot
  accept the risk of waiving the assignor's liability. Of greatest concern is the hidden
  liabilities arising under the Model Toxic Control Act (MTCA) regulated by the
  Department of Ecology (DOE) and The Comprehensive Environmental Response,
  Compensation and Liability Act (CERCLA) of 1980 regulated by the Environmental
  Protection Agency (EPA).

SOUTH PUGET SOUND REGION ■ 950 FARMAN AVE N ■ ENUMCLAW, WA 98022-9282

\*\*TEL: (360) 825-1631 ■ FAX: (360) 825-1672 ■ TTY: (360) 825-6381

\*\*Equal Opportunity/Affirmative Action Employer\*\*

I YMPIA GU



November 26, 2003

Mr. Ted Stone Coldwell Banker 1944 Pacific Avenue #310 Tacoma, WA 98402

DEC 1 6 2003

HAND DELIVERED

Subject:

Aquatic Lands Assignment of Lease for No. 22-002332

Dear Mr. Stone:

Enclosed are three (3) identical originals of Assignment of Lease for No. 22-O02332. Please have (b) (6) sign and date all copies and forward them within thirty (30) days from the date of this letter to:

> Seven J. Investments Washington Limited Partmership P.O. Box 687 Burley, WA 98322

Please note that your signature must be notarized. Each document contains a certificate of acknowledgment for this purpose.

In accordance with section 8.2 of the lease agreement, please enclose proof of security in the amount of \$25,000. Also, please enclose proof of insurance in accordance with section 8.4

Upon receiving the signed, notarized documents from the assignee and completion of our final evaluation, we will submit them to DNR management for review and final execution.

Also note that the Department of Natural Resources (DNR) is aware that the "'Assignee" has requested a new lease agreement with a thirty (30) year term. If "Assignee" wishes to pursue this request, the DNR is willing to negotiate a new thirty (30) year lease agreement.

If you have any questions concerning this letter, please call me at (360) 825-1 631 ext. 2600.

Sincerely,

Courtney Wasson Courtney Wasson, Land Manager

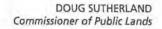
Enclosures

C: Region File

Aquatic Resources File

CIAMBLA C

gi/22002332Transmit





October 1, 2003



Ted Stone Colwell Banker 1944 Pacific Avenue Suite 310 Tacoma, WA 98402

Subject:

Aquatic Lands Lease 22-002332-Requested Information

Dear Mr. Stone:

As requested during our phone conversation today, I am enclosing the following information:

- Application for an assignment of lease
- Draft template for the Consent to Assignment
- Draft template of the most current Commercial Lease Agreement
- Application for Use Authorization (Survey Requirements under section VII)

The application for assignment will need to be filled out and returned, along with the \$25.00 application processing fee. The other documents are for your review.

If you have any further questions, please contact me at 360-825-1631 ext. 2600.

Thank you,

Courtney Wasson, Land Manager 6)
Shoreline District Aquatic Region

Enclosures

c:

in The

Region File

Aquatic Resources File

gj/22002332Info





A PROFESSIONAL CORPORATION

920 FAWCETT - P.O. BOX 1657 TACOMA, WASHINGTON 98401

TELEPHONE (253) 628-1500 TOLL-FREE (860) 439-1112 FACSIMILE (253) 572-3052

WWW.UPEARSON.COM DAVIES@DPEARSON.COM BERTIL F. JOHNSON DENNIS G. SEINFELD RONALD L. COLEMAN EDWARD S. WINSKILL RICHARD H. BENEDETTI PETER T. PETRICH PATRICIA C. FETTERLY CLIFFORD G. MOREY JAMES R. TOMLINSON ANNE G. MEATH MONTE BERSANTE

ISON NIGEL S. MALDEN
NFELD JAMES B. LYNCH
EMAN LAMONT C. LOO\*
NSKILL GORDON G. HAUSCHILD
NEDETT! JOSEPH M. DIAZ
TICH HEATHER M. YOUNG
ETTERLY CAROL J. COOPER
OREY SOK-KHIENG K. LIM
ORION BRIAN M. KING\*
H BENJAMIN R. SLIGAR
NACM! S. KIM
\*ALSO LICENSED IN OREGON

OF COUNSEL VINCENT L. GADBOW RAY HAYES JOHN C. KOUKLIS LARRY E. LEVY CLAUDE M. PEARSON

WAYNE J. DAVIES (1913-1890)

LESTER SEINFELD (1911-2001)

October 24, 2003

Mildred Johnson

(b) (6)

Seattle, WA 98112

Re:

Seven Js Investments Limited Partnership

Our File No.: 13513-1

Dear Ms. Johnson:

I am enclosing a confirmation of ownership document for Seven Js Investments Limited Partnership. It is my understanding that the ownership interests of Chris B. Johnson and Joy D. Johnson were redeemed by the partnership. Accordingly, there are less outstanding ownership interests, thus increasing each of the remaining general and limited partners proportionate interests in the Seven Js Investments Limited Partnership entity.

Please review the revised ownership and if it meets with your approval and the other partners, please have the document signed by all of the parties and return it to me for your file. I am also sending a copy of the revised ownership to Roger Lilley, CPA to ensure that the calculations are consistent with his understanding.

You coordinated the redemption of the ownership interests of Chris and Joy with your 1031 facilitator to ensure compliance with applicable rules. It is my understanding that Chris and Joy each now own a zero percent (0%) interest in Seven Js Investments Limited Partnership, and there are no plans for them to be owners in the future. Please call me if you have any questions. Thank you and I look forward to hearing from you.

Sincerely,

DAVIES PEARSON, P.C.

Lamont C. Loo

LCL/kp Enclosure

cc·

Roger Lilley, CPA (w/encl.)

### SPECIAL POWER OF ATTORNEY

I, Mildred Johnson, 7 J's Investments, residing at (b) (6)

98112, hereby appoint Steven Johnson of (b) (6)

Gig Harbor, Washington 98332, as my Attorney-in-Fact ("Agent").

My agent shall have full power and authority to act on my behalf but only to the extent permitted by this Special Power of Attorney. My Agent's powers shall include the power to:

1. Open, maintain or close the following specific accounts. This power shall include the authority to conduct any transaction for these accounts, including, but not limited to, making deposits and withdrawals.

All Accounts associated with 7 J's Investments

- 2. Perform any act necessary to deposit, negotiate, sell, or transfer any note, bond, security, or draft of the United States of America, including U.S. Treasury Securities.
- 3. Take any and all legal steps necessary to collect any amount or debt owed to me, or to settle any claim, whether made against me or asserted on my behalf against any other person or entity including the power to sign releases and agreements.
- 4. Mortgage or encumber any interest of mine in real estate located at:

Any transactions associated with 7 J's Investments

This power shall include the power to (i) mortgage or encumber on such terms as my Agent shall deem appropriate, subject to the limitations (if any) stated above, (ii) sign any documents (including a mortgage or deed of trust), and (iii) take any other action that may be required to effect such mortgage or encumbrance.

5. Manage, insure, improve, repair, collect rents, execute leases, or take any other action that a landlord might take, with respect to any interest of mine in real estate located at:

Any transactions associated with 7 J's Investments

6. Obtain credit or borrow money as deemed appropriate by my Agent.

This power shall include the power to (i) obtain credit upon such terms as my Agent may deem appropriate, subject to the limitations (if any) stated above, (ii) sign any documents (including notes, credit agreements, security agreements, and financing statements), and (iii) take any other action that may be required to complete the above transactions.

7. Manage, control, and operate the business known as:

### 7 J's Investments

This power shall include the power to: (i) make and carry out decisions regarding sales, purchases, employees, loans, and equipment, and (ii) take any action needed (at the discretion of my Agent) to operate the business. In addition, this power shall include the power to sell the business, dissolve it, or take any other action to conclude and close the business.

- 8. Prepare, sign, and file documents with any governmental body or agency, including, but not limited to, authorization to:.
  - a. Prepare, sign, and file income and other tax returns with federal, state, local, and other governmental bodies.
  - b. Obtain information or documents from any government or its agencies, and negotiate, compromise, or settle any matter with such government or agency (including tax matters).
  - c. Prepare applications, provide information, and perform any other act reasonably requested by any government or its agencies in connection with governmental benefits (including medical, military and social security benefits).
- 9. Act on my behalf with respect to the following matters:
  - Insurance and annuity transactions
  - Retirement plan transactions
  - Employment benefits of any kind
  - The purchase and/or maintenance of life insurance on my life or the life of any other appropriate person
  - Employment of professional and business assistance as may be appropriate, including attorneys, accountants, and real estate agents.
  - Any other matter associated with 7 J's Investments

I hereby grant to my Agent the full right, power, and authority to do every act, deed, and thing necessary or advisable to be done regarding the above powers, as fully as I could do if personally present and acting.

Any power or authority granted to my Agent under this document shall be limited to the extent necessary to prevent this Power of Attorney from causing, (i) my income to be taxable to my Agent, (ii) my assets to be subject to a general power of appointment by my Agent, or (iii) my Agent to have any incidents of ownership with respect to any life insurance policies that I may own on the life of my Agent.

My Agent shall not be liable for any loss that results from a judgment error that was made in good faith. However, my Agent shall be liable for willful misconduct or the failure to act in good faith

while acting under the authority of this Power of Attorney. A successor Agent shall not be liable for acts of a prior Agent.

I authorize my Agent to indemnify and hold harmless any third party who accepts and acts under this document.

My Agent shall be entitled to reasonable compensation for any services provided as my Agent. My Agent shall be entitled to reimbursement of all reasonable expenses incurred in connection with this Power of Attorney.

My Agent shall provide an accounting for all funds handled and all acts performed as my Agent, but only if I so request or if such a request is made by any authorized personal representative or fiduciary acting on my behalf.

This Power of Attorney shall become effective on April 01, 2003. This Power of Attorney shall continue effective until my death or until I lack sufficient mental competence to understand and handle my financial and personal affairs. This Power of Attorney may be revoked by me at any time by providing written notice to my Agent.

Dated 28 Marent 200 But Burley, Washington.

STATE OF WASHINGTON, COUNTY OF PIERCE, ss:

On this 28 day of havenfur 2003 before me personally appeared Mildred Johnson, 7 J's Investments, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed same as her free act and deed.

Notary Address: Ley Bank, 14004 Euroly Dr. NW Lig Harbor, WA 98333

#### OWNERSHIP OF SEVEN JS INVESTMENTS LIMITED PARTNERSHIP

The undersigned General and Limited Partners of SEVEN Js INVESTMENTS LIMITED PARTNERSHIP, a Washington limited partnership, hereby declare and consent to the following ownership:

Name	General Partner Units	Limited Partner Units	Total Units	Total Percentage Ownership
Mildred G. Johnson	1	2.3362	3.3362	6.53%
Judy A. Johnson-Cohn	0	23.2937	23.2937	45.60%
Steven C. Johnson	0	24.4567	24.4567	47.87%
Total:	1	50.0866	51.0866	100%

EFFECTIVE the 20th day of October, 2003.

MILDRED G. JOHNSON General and Limited Partner

JUDY A. JOHNSON-COHN, Limited Partner

ETERIA GIOLDICO

kp/s:\\xxxx\\\35xx\\\3513\\\\docs\seven js\_revised\_ownership (10-20-03).doc

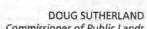
# SURETY DISCLOSURE NOTICE CONCERNING FEDERAL TERRORISM RISK INSURANCE ACT

You should know that, effective November 26, 2002, the US Congress enacted the Terrorism Risk Insurance Act of 2002 (the "Act"). Under the Act, any covered losses caused by certified acts of terrorism would be partially reimbursed by the United States under a formula established by federal law. Under this formula, the United States pays 90% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

In accordance with this Act, we are providing this disclosure notice for bonds on which Cumberland Casualty & Surety is the surety.

#### DISCLOSURE OF PREMIUM

The portion of the bond premium attributable to coverage for certified acts of terrorism under the Act is Zero Dollars (\$0.00).



002332



Commissioner of Public Lands

December 1, 2003

(b) (6) Port Washington Marina (b) (6) Edmonds, WA 98020

Subject: Assignment of Lease No. 22-002332 "No Release"

Dear (b) (6)

As discussed in our phone conversation today, the Department of Natural Resources (DNR) is aware that you (lessee) are currently requesting an assignment of the leasehold under Aquatic Lands Lease 22-002332. Per our discussion, if the lease is not assigned, the DNR is willing to negotiate a new lease agreement, with a thirty (30) year lease term, if the lessee requests to do so.

Also per the phone discussion the DNR is aware that you have concerns regarding the "No Release" section of the Assignment. Washington common law holds that an assignor remains liable upon the original instrument after it is assigned to a new lessee. This section of the Assignment just reaffirms Washington State's common law. Other reasons behind the DNR including the "No Release" section are:

- It is the standard custom and practice in both commercial and residential real estate transactions that the assignor is not released upon the assignment.
- An individual who signs a legal contract should only execute the contract if he or she is willing to be legally bound to the terms of the contract for the entire term of the contract.
- The legal doctrine that the assignor remains liable upon assignment encourages the assignor to assign the lease only to an assignee that is highly responsible and will honorably perform all the terms of the original lease.
- An assignment that releases the assignor from performance of the original lease could potentially release the assignor from liabilities arising under that lease. DNR cannot accept the risk of waiving the assignor's liability. Of greatest concern is the hidden liabilities arising under the Model Toxic Control Act (MTCA) regulated by the Department of Ecology (DOE) and The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980 regulated by the Environmental Protection Agency (EPA).



(b) (6) December 1, 2003 Page 2

As the responsible party for Aquatic Lands Lease 22-002332, you need to make a decision on whether you want to continue utilizing the leasehold area yourself or sign the Assignment and turn the premises over to the assignee.

If you have any more questions or concerns regarding the Assignment contract for lease number 22-002332, please contact me at (360) 825-1631 ext. 2600.

Sincerely,

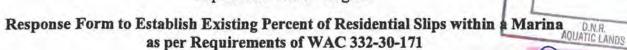
Courtney Wasson (G)

Courtney Wasson, Aquatic Land Manager Shoreline District Aquatics Region

c: Region File Aquatic Resources File

gj/22002332NoRelease

#### Washington Department of Natural Resources Aquatic Resources Program





1.	Name of Marina POET WASHINGTON MARINA
2.	Business Address of Marina 1805 THOMPSON DRIVE BEEMERTON, WA 98337
3.	Lease Number  (This information can be found on your lease agreement from DNR; if you have more than one lease, please include all marina leases and specify which lease number corresponds to the marina business name and address.)
4.	Marina Operator or On-Site Marina Manager:  DOUGLAS FAULDS (OUNEE)
5.	Mailing Address and Phone Number (If different from marina business' address.)  EDMONDS, WA 98020
6.	Number of slips within marina  Total number of slips within marina:  Total number of slips on state-owned aquatic lands:  (If a slip is partially on state-owned aquatic lands, count that slip as one whole slip on state-owned aquatic lands.)
	(over)

1 Selicing S

#### Washington Department of Natural Resources Aquatic Resources Program

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al use: 34
al use on state-owned as one whole slip on state-owned
· ·
ATER THAN MAY 18 <sup>TH</sup> ,





November 8, 2002

#### CERTIFIED MAIL

DOUGLAS FAULDS/DONNA ERNST PORT WASHINGTON MARINA (b) (6) EDMONDS, WA 98020

Dear Marina Operator:

On October 1, 2002, the Board of Natural Resources adopted new rules that address residential use of state-owned aquatic lands. The full text of the rules is available on the Washington State Department of Natural Resources' (DNR) website at <a href="www.wa.gov/dnr">www.wa.gov/dnr</a>. The rules become effective on November 18<sup>th</sup>, 2002.

This letter will discuss the highlights of the new rules and how they might affect your marina.

First of all, please note that the new rules do not apply to existing marina leases. The rules only apply to new leases and lease renewals. The rules will not apply to your marina until you renew your lease with DNR. However, regardless of the status of your existing lease, if you currently have more than 10% of the slips in your marina in residential use, you must contact DNR within 180 days (May 17, 2003) and indicate the current level of residential use in your marina. Both vessels used as a residence and floating houses (barges, houseboats and floating homes) should be included when calculating your existing percentage. If you have more than one lease with DNR, be sure to provide information for each of your marina leases.

The level of the reported residential use in your marina today will be the recognized maximum number of residential slips allowed when you enter into a new lease with DNR. Once you enter into a new lease, you will be required to work towards compliance with the ten percent limit (or other locally established limit) through attrition. In this way, all existing residential users will be protected, but marinas will not be able to fill their marina with additional residential users, and thereby gain an unfair advantage over other marinas. The limit you are at today is the limit you will be held to upon entering into a new lease. Local DNR Land Managers will make a site visit during the coming year to verify the number of residential uses within your marina.



Marina Operators November 8, 2002 Page 2 of 3

Please use the enclosed form to provide this information. If you do not provide this information to DNR within 180-days of the effective date of the rule, you will be limited to 10% residential use (or the locally established limit) upon entering into a new lease with DNR. If you do not provide the information and, at the time of releasing, you have residential uses in excess of the established limit, then you will be required to reduce the number of residential uses within your marina. This could affect some of your existing tenants if you fail to reply, so please be sure to respond.

The new rules do not limit your ability to take in new residential users today as long as your lease allows it. The new residential users, however, will not be protected uses under the new rules if, upon entering into a new lease, you are above your recognized maximum number of residential uses.

The new rules define residential use as any noncommercial habitation of a floating house (as defined in WAC 332-30-196 (23)). The rules define residential use of a vessel as any noncommercial habitation of a vessel when any one of the following applies: A person resides on the vessel in the same location for more than a total of 30-days in any 40-day period, or more than a total of 90-days in any 365-day period; the city or county defines the use as residential or identifies the occupant as a resident; the marina operator of the facility defines the use as residential or identifies the occupant as residential; or, the occupant or occupants identify the vessel or the facility where it is moored as their residence for voting, mail, tax or similar purpose. See WAC 332-30-106 (62) for the complete text.

#### Other Requirements

Sewage Waste: Once your new lease takes effect, all residential users in your marina must dispose of their sewage waste (treated and untreated) via an upland disposal system. This includes vessels with Type I and II MSDs, vessels with incinerator toilets and other on-board sewage systems. It is the responsibility of the marina operator to verify, on an annual basis, how your slip lessees are complying with this requirement. Your local DNR Land Manager will work with you to determine how you plan to comply with this aspect of the new rules.

Gray Water: Marinas will be required to implement Best Management Practices for gray water waste. Your local DNR Land Manager will also work with you on compliance of this provision, and will provide suggestions for your use.

Non-Grandfathered Floating Houses (barges, houseboats, and floating homes): All floating houses which were not moored on state-owned aquatic lands prior to October 1, 1984, must have authorization from the local planning jurisdiction (county or city) in order to remain in their current location. This authorization can only be done through amendment of the Shoreline Master Program. If you have floating houses in your marina

that fall into this category, you, or the owners of the floating houses, must contact the local government planning authority and request such authorization. Links to individual counties, and cities within your county, can be found at <a href="www.statelocalgov.net/wa.htm">www.statelocalgov.net/wa.htm</a>. DNR encourages you and the residents to begin working with the county or city planning authority as soon as possible to ensure compliance with this provision of the rule before your new lease takes effect. For more information on moorage of floating houses, please read the Q&A on DNR's website, under residential use.

The Department of Natural Resources looks forward to working with you on implementation of the new rules and we are happy to answer any questions. Please contact Kristin Swenddal at 360-902-1124 or <a href="Kristin.Swenddal@wadnr.gov">Kristin.Swenddal@wadnr.gov</a> if you need assistance, or work with your local land manager. And once again, if you currently have more than 10% of your slips in residential use, please fill out the enclosed form and return it to the department within 180-days of the effective date of the rules.

Sincerely,

Francea L. McNair

Aquatic Lands Steward

house honceda

Enclosures

44-000000

Olympia

409 2, 1998 updated 818196

DEAR MS. BUNNING:

ENCLOSED IS A NOTARIZED BOND

CONTINUATION CERTIFICATE FOR

PORT WASHINGTON MARINA, 1805

THOMPSON DR., BREMERTON.

PLEASE DIRECT ANY QUESTIONS TO

(b) (6)

DOUG FAULDS

THANK YOU,

DNR-00019133

Number of pages: 2



## Haller Insurance Services, Inc.

A Professional Insurance Service Organization

8504 192nd Avenue NE, Suite B Redmond, WA 98053 (425) 868-1123 or 1-800-326-1257 Fax Number (425) 868-2411

Company Name: Dept of Natural Resources-Acquatic Land

Fax Cover Sheet

Date: 11/17/97

Contact Name: Donna Berube
Fax Number: (360)825-1672
Sender: Haller Insurance Services, Inc Dan Vinsonx105
Description: Confirming our conversation, please find attached the
Certificate of Insurance for Port Washington Marina. If you have
any questions or require any additional information, please give us a call.
3

If there are any problems with this transmission, please call:

(425) 868-1123 or 1-800-326-1257 immediately.

22 2332



JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM Supervisor

September 4, 1997

(b) (6)

Port Washington Marina (b) (6)

Edmonds, WA 98020

Subject: Bond for Lease No. 22-002332

Dear(b) (6)

We are unable to accept Bond No. MB00900073 for Lease No. 22-002332, because it does not meet the department's standards. The bond is missing a legal description and also states that the lease is situated in Snohomish County when it is actually located in Kitsap County. I am enclosing your original bond and a copy of a bond form the department will accept, please use this format.

If you have any questions, please call your land manager, Neal Cox at (360) 825-1631.

Sincerely,

Bonnie B. Bunning Region Manager

Donna Berube, Administrative Assistant

South Puget Sound Region

Enclosure

bc: Neal Cox

Region File Olympia File

> Reference Code: 22-002332 db/Cox/22002332.brl

22-002332



JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM

July 31, 1997

Port Washington Marina

(b) (6)

(b) (6)

Edmonds, WA 98020

Subject:

Notice of Cancellation of Bond No. 5759854 for Lease No. 22-002332

Dear (b) (6)

We received a notice of cancellation of your surety bond effective May 27, 1997. Subsection 6.9 of your aquatic lands lease requires you to have financial security in the amount of \$25,000.00 in effect at all times.

Security may be provided in the form of a surety bond, savings account assignment, certificate of deposit, cash deposit, or a bank letter of credit. Forms are enclosed for your use.

Please provide the required security in the amount of \$25,000.00 on or before September 1, 1997. A notice of bond renewal will also satisfy this requirement.

Please call me at (360) 825-1631 if you have any questions about the financial security requirements of your lease.

Sincerely,

Bonnie B. Bunning Region Manager

Donna Berube, Administrative Assistant

nna Berube

South Puget Sound Region

**OLYMPIA COPY** 

Enclosures

bc:

Region File

Olympia File

Reference Code:22-002332 st/Cox/22002332.bnd

SOUTH PUGET SOUND REGION

22-002332



SAFECO° Insurance Company of America

Northwest Region Surety Department 4909 - 156th Ave NE Redmond, WA 98052

(206) 881-4957 881-4954 fax

CERTIFIED LETTER

July 16, 1997

State of Washington
Department of Natural Resources
PO Box 68
Enumclaw, WA 98022-0068

RE: Principal: Douglas Faulds & Donna Ernst DBA Port Washington

Marina Association

Bond No.: 5759854

(State Lease Bond - Aquatic Lands Lease No 22-002332)

Dear Sir or Madam:

On April 29, 1997, we sent you a formal Notice of Cancellation on the above referenced bond. As of yet, we have not received your acknowledgment of this Notice.

Pursuant to said Notice, this letter is to advise you that SAFECO INSURANCE COMPANY OF AMERICA will not recognized any liability under this bond as to obligations which may be incurred after May 27, 1997.

Sincerely,

Lynn Shepherd-Nelson

Surety Service & System Support Coordinator

Lynn Shepherd-Nelson

22 0500



JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM Supervisor

May 27, 1997

CERTIFIED MAIL

Port Washington Marina Condominium Association (b) (6)

Edmonds, WA 98020

Subject:

Rent Revaluation for Aquatic Lands Lease No. 22-002332

Dear (b) (6)

Your rent has been revalued for the next four (4)-year period beginning August 1, 1997. This revaluation was conducted in accordance with Subsection 3.2 of your aquatic lands lease and the rent calculation methods established by the legislature in Chapter 79.90 RCW. Because the assessed value of the upland parcel used to value your lease has increased, your annual rent has increased as well. Your base rent of \$1,390.69 will increase to \$1,668.83 plus leasehold tax of \$214.28 for a total payment due of \$1,883.11.

A rental billing for your rent from August 1, 1997 to July 31, 1998 will follow under a separate cover. Bills are computer generated and mailed out approximately four weeks before the bill is due. All amounts past due will be charged compound interest at the rate of one percent (1%) per month, beginning September 1, 1997.

If you wish to appeal the amount of rent identified above, you must follow the procedure outlined in WAC 332-30-128 (copy enclosed). This procedure requires that within thirty (30) calendar days of your receipt of this letter, the department must have received your written request for review of rent containing all the requirements identified in the regulation. Please address your request to Craig Partridge, Manager, Department of Natural Resources, Aquatic Resources Division, 1111 Washington Street SE, Olympia, WA 98504-7027.

(b) (6)

Page 2 May 27, 1997

In the event you wish to deliver your appeal in person, please use the address listed above.

If you have any questions, please contact me at (360) 825-1631.

Sincerely,

Bonnie B. Bunning Region Manager

Neal Cox, Land Manager

neal loxas

South Puget Sound Regional Office

PO Box 68

Enumclaw, WA 98022-0068

Enclosure

bc:

Mark Mauren

Region File

Olympia File

Reference Code: 20-002332 sk/Cox/sps1/22002332.rev HA 2332
Rege-1
Response to
Nemo 9/2/96
To: Bob
From: John



JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM Supervisor

September 20, 1996

Port Washington Marina Condominium Association (b) (6)

Edmonds, WA 98020

Subject: Insurance Renewal for Aquatic Lands Lease No. 22-002332

Dear (b) (6)

We received a notice of expiration of your insurance policy for general liability and bodily injury. Subsection 8.3 of your aquatic resources lease requires you to have this policy and to name the State as additional insured.

To avoid termination of your lease, please send an updated Certificate of Insurance within thirty (30) days to my attention at the following address: South Puget Sound Regional Office PO Box 68, Enumclaw, WA 98022-0068.

If you have questions concerning this matter, please call me at (360) 825-1631.

Sincerely,

Bonnie B. Bunning Region Manager

Donna Berube, Administrative Assistant

na Berube

South Puget Sound Regional Office

PO Box 68

Enumclaw, WA 98022-0068

bc:

0 000018

Region File

Olympia File

Reference Code: 22-002332 db/Cox/sps1/22002332.ins



January 2, 1996

JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM Supervisor

#### **CERTIFIED MAIL**

Port Washington Marina	
Condominium Association	
Attn: (b) (6)	
Owners	
(b) (6)	
Edmonds, WA 98020	

Subject:

Aquatic Lands Assignment of Lease No. 22-002332

Dear (b) (6)

Enclosed is a final copy of the Aquatic Lands Assignment of Lease No. 22-002332 for your records.

If you should have any questions, feel free to contact Neal Cox at (360) 902-1084.

Sincerely,

Mary Morris

Aquatic Resources Division

PO Box 47027

Olympia, WA 98504-7027

Enclosure

c: Michael R. Mastro

Reference Code: 22-002332 mkm/Cox/sps1/22002332.ftl





### Haller Insurance Services, Inc.

A Professional Insurance Service Organization

November 22, 1995

Department of Natural Resources Aquatic Resources Division P O Box 47027 Olympia, WA 98504-7027 Attention: Neil Cox

Dear Mr. Cox,

Per the request of our client (b) (6) , please find enclosed the following information:

- 1) Current Certificate of Insurance with a 45 day Notice of Cancellation.
- 2) A copy of the Continuation Certificate for the State Lease Bond verifying the effective dates of 07/30/95 to 07/30/96.

Please note that the bond is a Continuous Cancelable Bond which is automatically renewed until canceled. The only notice you would receive as the obligee is if the bond was canceled.

If you have any questions or require any additional information, please give us a call.

Sincerely,

HALLER INSURANCE SERVICES, INC.

Michael F. Haller, CIC MFH/mh Enclosure:

cc:

(b) (6)

Edmonds, WA 98020

1309 114th Avenue S.E.

Suite 101

Bellevue, WA 98004

1-800-326-1257

(206) 453-7280

FAX # 453-0201

DHAL AGUATIC LAWY



JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM Supervisor

October 11, 1995

Port Washington Marina Condominium Owners Association Edmonds, WA 98020

Subject:

Miles le astaringe capitales and not both corp hands Aquatic Lands Lease No. 22-002332

Dear (b)

Enclosed are two identical originals of Lease Assignment No. 22-002332 for your review. If they meet with your approval, both you and Mr. Mastro need to sign and date both copies and return them within thirty (30) days to: Department of Natural Resources, Aquatic Resources Division, 1111 Washington Street SE, PO Box 47027, Olympia, WA 98504-7027.

Please note that your signature must be notarized. Each lease contains a certificate of acknowledgement for this purpose.

Before the department can finalize your aquatic lands lease, within thirty (30) days we must also receive:

- 1. Financial security to ensure full performance of lease terms in the amount of \$25,000.00, pursuant to Subsection 8.2 of the lease.
- 2. Evidence of insurance coverage in accordance with Subsection 8.3 through 8.4 of the lease. Required coverage includes: Comprehensive General Liability (\$1,000,000 per occurrence and \$2,000,000 annual aggregate).

Upon receiving the items listed above and completion of our final evaluation at the staff level, we will submit them to DNR management for their review and, if appropriate, final execution. Please call me at (360) 902- 1084 if you have any questions.

Sincerely,

Neal Cox, Land Manager Aquatic Resources Division

neal Cox

Enclosures

phil

Reference Code: 22-002332 ww/cox/22002332.tm



JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM Supervisor

(b) (6)

Port Washington Marina Condominium Owners Association (b) (6) Edmonds, WA 98020

Subject:

Aquatic Lands Lease No. 22-002332

Dear Mr. Faulds & Ms. Ernst:

Enclosed are two identical originals of Lease Assignment No. 22-002332 for your review. If they meet with your approval, both you and Mr. Mastro need to sign and date both copies and return them within thirty (30) days to: Department of Natural Resources, Aquatic Resources Division, 1111 Washington Street SE, PO Box 47027, Olympia, WA 98504-7027.

Please note that your signature must be notarized. Each lease contains a certificate of acknowledgement for this purpose.

Before the department can finalize your aquatic lands lease, within thirty (30) days we must also receive:

- 1. Financial security to ensure full performance of lease terms in the amount of \$25,000.00, pursuant to Subsection 8.2 of the lease.
- 2. Evidence of insurance coverage in accordance with Subsection 8.3 through 8.4 of the lease. Required coverage includes: Comprehensive General Liability (\$1,000,000 per occurrence and \$2,000,000 annual aggregate).

Upon receiving the items listed above and completion of our final evaluation at the staff level, we will submit them to DNR management for their review and, if appropriate, final execution. Please call me at (360) 902-1084 if you have any questions.

Sincerely,

Neal Cox, Land Manager Aquatic Resources Division

Enclosures

Reference Code: 22-002332 ww/cox/22002332.tm





August 29, 1994

JENNIFER M. BELCHER Commissioner of Public Lands KALEEN COTTINGHAM Supervisor

Donna Reid 510 Ranier Ave South Seattle, WA 98144

Subject:

Release of Interest in Bonds 5055387, 5055388, 5055389

DNR Leases 22-002332, 22-002396, 22002399

Dear Ms. Reid:

As a follow-up to our recent phone conversation, this letter should suffice to release and/or cancel any interest the State of Washington may have in the captioned bonds. These bonds were required by three State of Washington, Department of Natural Resources Aquatic land leases (No. 22-002332, 22-002396, 22-002399).

On August 1, 1993, at the request of the Port Washington Marina Condominium Owners Association, the Department cancelled these three leases and entered into a new 30 year lease with the Association. A requirement of this new lease was a \$25,000.00 security. This requirement has been met by the acceptance of a SAFECO Insurance Company of America bond number 5759854.

At the time this new bond and lease were executed, August 1, 1993, the State of Washington relinquished any interest in the prior three bonds. This should have been communicated to you on July 31, 1993. I apologize if it has not. Please advise your bonding agent, Karen Rutka, you are no longer required to continue these three bonds.

If you have any questions about this situation, please call me at (206) 902-1054.

Sincerely,

Dan Barth, Land Manager Aquatic Resources Division 1111 Washington St SE PO Box 47027

Olympia, WA 98504-7027

Reference: 22-002332/22-002396/22-002399

mkm1/db/bondrel.1tr



510 Rainier Avenue South ■ Seattle, Washington 98144 ■ 206/323-5393 ■ FAX 206/323-6980

May 26, 1994

State of Washington
Department of Natural Resources
Commissioner of Public Lands
Olympia, Washington 98504

RE: Port Washington Marina

Bond #5055387, #5055388 and #5055389

The above captioned bonds are coming up for renewal the 13th of June. Said property was sold to (b)(6) on July 30, 1993. Enclosed is a copy of the closing statement.

Inorder to get these bonds released, we must obtain written release from the State of Washington prior to the renewal dates of each bond.

I am enclosing copies of the three Harbor Area Lease bonds for Port Washington Marina Owners Condo Association, Inc., and a copy of a letter sent to me from our bonding company, Willis Corroon Corp.

Thank you for your prompt attention to this request.

Sincerely,

Donna J. Reig

Enclosures

cc: D. (b) (6)

D.

JUN - I 1994

D.N.R. -ADUATIC LANDS

PWBDSTWA

#### WILLIS CORROON





May 25, 1994

Ms. Donna Reed Port Washington Marina Owners Condo Assoc., Inc. 510 Rainier Ave S Seattle WA 98144

Re: Bond #5055387, #5055388, and #5055389

Dear Ms. Reed:

Per our telephone conversation on Tuesday, May 24, 1994, we are Telephone 206 386 7400 enclosing copies of the three Harbor Area Lease bonds for Port Fax 206 386 7960 Washington Marina Owners Condo Association, Inc. Also enclosed is the first page of each lease agreement for your use.

Willis Corroon
Corporation of
Seattle
Insurance
Bonds
Benefits
Risk Management
701 Fifth Avenue
4200 Columbia Center
PO Box 34201
(Zip 98124)
Seattle, WA 98104

As we discussed, the bonds must be released in writing by the State of Washington. The letters must show that the bonds are released prior to the renewal dates of each bond. Until the bonds are released you do have liability under them. In order to obtain written release, we suggest you write to the State of Washington, Department of Natural Resources, Commissioner of Public Lands, Olympia WA 98504. The renewal premium is due at this time, but will be reversed if the release letters are dated prior to the renewal dates.

Please do not hesitate to call either Terri Isaacson or myself should you have any questions regarding this. Thank you.

Sincerely, Kalen Rutka

Karen P. Rutka Account Manager

Willis Corroon Construction

KPR:kab

**Enclosure** 

2 332

#### **4-YEAR RENT ADJUSTMENT SUMMARY**

Aquatic Lands Lease #

22-A02332

Lease Site Address

1805 THOMPSON DR

City

**BREMERTON** 

Lease Term

11/01/2004 - 10/31/2034

Tenant Name

SEVEN J's INVESTMENTS

Date

9/10/2012

Land Manager New rent or rent reval year (2010) LINDIE SCHMIDT

New rent or rent reval month (1-12)

2012

Now yout or yout your day (1 31

11

New rent or rent reval day (1-31)

1

		Rent	LHT	Rent + LHT
Year 1	Water-dependent Rent	\$1,878.62	\$241.21	\$2,119.83
11/1/2012	Nonwater-dependent Rent	\$8,686.15	\$1,115.30	\$9,801.45
	Log Storage	NA	NA	NA
	Current Rent Total	\$10,564.77	\$1,356.52	\$11,921.28
Year 2	Water-dependent Rent	\$2,817.92	\$361.82	\$3,179.74
11/1/2013	Nonwater-dependent Rent	72,027.52	<b>7301.02</b>	<b>V3,113.74</b>
/-/	Log Storage	NA	NA	NA
	Current Rent Total			
Year 3	Water-dependent Rent	\$4,226.88	\$542.73	\$4,769.62
11/1/2014	Nonwater-dependent Rent			
	Log Storage	NA	NA	NA
	Current Rent Total			
Year 4	Water-dependent Rent		1	
11/1/2015	Nonwater-dependent Rent	U E		
A-7-17-17-1	Log Storage	NA	NA	NA
	Current Rent Total			

New surveys only:

W., 100	1st Class	2nd Class
% Tidelands		
% Shorelands		
% Bedlands		
% Harbor Area		

Land Manager Comments/Notes:

Water- dependent parcel selection:

THIS USE CONSISTS OF 0.573 ACRES OF NWD USES AND 3.487 ACRES OF WD USES. THE NWD AREAS WERE TAKEN FROM THE EMAIL DATED 9-17-2008 FROM STEVE IVEY BECAUSE THE SURVEY HAS SIGNIFICANT FLAWS. THE MARINA'S LANDWARD PARCEL (3711-000-010-0002) HAS BEEN USED TO DETERMINE THE VALUE OF THE MARINA PER WAC 332-30-123.

#### TOTAL LEASEHOLD AREA

4.06 ACRES

Adjacent Alternative J

USES	TYPE	AREA
Marina Moorage	WD	3.487
Buildings	NWD	0.035
Fill	NWD	0.538

OLYMPIA COPY

#### 4-YEAR RENT ADJUSTMENT FOR WATER DEPENDENT USES

Aquatic Lands Lease #: 22-A02332

Lease Site Address: 1805 THOMPSON DR

City: BREMERTON

Lease Term: 11/01/2004 - 10/31/2034

**Due Date** 

Tenant Name: SEVEN J's INVESTMENTS

Date: 9/10/2012

Land Manager: LINDIE SCHMIDT

4-year rent from: 11/1/2012

**To:** 10/31/2016

Rent Billed Last Year	11/1/2011	\$1,252.41	RCW 79.105.240	WAC 332-30-123
Year 1: Rent Revaluation		11/1/2012	WAC 332-30-123 (9)	
Lease Area Acres	(C14) not noth C15	3.48700		Year 1: WD Rent
If lease area not shown in acres, Lease Area Square Feet	will calculate off of either cell.		:	11/1/2012
Lease Area Acres or Square Feet Converted to Acres		3.48700		\$1,878.62
Upland Parcel - Number		3711-000-010-0002		Leasehold tax to add in NaturE if appropriate
Upland Parcel - Assessed Value		\$103,720.00		\$241.21
Upland Parcel - Acres	Fill in only Acres (C18) or Square Feet	0:65000	Total	\$2,119.83
If Upland Parcel area not shown in acres, Upland Parcel Area Square Feet	(C19), not both. C15 will calculate off of either celt.		1 <u>1</u> 1	
Upland Parcel area Acres or Square Feet Converted to Acres		0.65000		

\$159,569.23

\$556,417.91

\$166,925.37

Compute	e rent revalue with stai	rstepping:		
Percen	t rent increased from last year	**************************************	:	299.8%
	his new rate more than a 50%			:
	increase?	11/1/2012		YES
If ye	s, stairstep for a 50% increase.			\$1,878.62

Upland Parcel - Value per Acre

Lease Area Value

Aquatic

Aquatic Value - 30%

Real Capitalization Rate

Value x Real Cap Rate

WD formula Rent

WAC 332-30-123 (8)

3.00% Real Capitalization Rate RCW 79.105.060 (16)

\$5,007.76 Link to current Real Cap Rate on PPI/CPI sheet

#### PARCEL SELECTION FOR WATER-DEPENDENT RENT VALUATION

Aquatic Lands Lease #: 22-A02332

Tenant name: SEVEN J's INVESTMENTS
Site Address: 1805 THOMPSON DR

**Upland Tax Parcel Number:** 3711-000-010-0002

**Upland Parcel Assessed Value:** \$103,720.00 **Upland Parcel Square Acres:** 0.65000

WAC 332-30-123

The above parcel was selected for valuation of this lease because:
OPTION A
This waterfront parcel is used in conjunction with and proximate to the lease area,
has some portion with upland characteristics, and meets the criteria below:
OR
If the waterfront parcel's assessed value is inconsistent with the purposes of the lease,
this landward parcel meets the criteria below:
AND
This parcel is:
#1 - structurally connected to the lease area
OR
#2 - abuts the lease area
OR
#3 - The parcel is closest in distance to the lease area OR
#4 - If more than one parcel fits the selection priority, then
Use each parcel for its portion of the lease,
OR
If DNR & lessee agree, use one parcel the for entire lease area.
If no parcel meets the criteria in Option A, explain why, then choose Option B (next page):

NOITAC	B Alternate parcel
0	Measure the distance of the alternate parcel along the shoreline from the tax parcel.
	#1 - Within the same city as the lease area.
	AND/OR
	#2 - Within the same county and water body as the lease area.
	OR
	$\square$ #3 - Within the same county on similar bodies of water.
	OR
	#4 - Within the state.
	AND
	The alternative parcel is also:
	$\square$ #1 - The same water-dependent use as the lease area.
	OR
	#2 - Any water-dependent use within the same upland zoning.
	OR
	#3 - Any water-dependent use.
	OR
	#4 - Any water-oriented use.

#### 4-YEAR RENT ADJUSTMENT FOR NONWATER-DEPENDENT USES

Aquatic Lands Lease #: 22-A02332

Tenant Name: SEVEN J's INVESTMENTS

Lease Site Address: 1805 THOMPSON DR

Date: 9/10/2012

City: BREMERTON

Land Manager: LINDIE SCHMIDT

Lease Term: 11/01/2004 - 10/31/2034

4-year rent from: 11/1/2012 To: 10/31/2016

Nonwater-dependent Use

WAC 332-30-125

WAC 332-30-127

YEAR 1 - New Rent or Rent Reval	11/1/2012	EXTENSION METHOD ONLY
Aquatic Lease Area Acres	0.57300	Fill in only Acres (B12) or Square Feet
Lease Area Square Feet		(B13), not both. B14 will calculate off of either cell.
Square Feet Converted to Acres	0.57300	**************************************
Upland Tax Parcel Number	3711-000-010-0002	
Upland Parcel Assessed Value	\$103,720.00	
Upland Parcel Acres	0.65000	Fill in only Acres (B17) or Square Feet (b18), not both, b19 will calculate off of
Upland Parcel Area Square Feet		either cell
Square Feet Converted to Acres	0.65000	
Upland Parcel Value per Acre	\$159,569.23	
Aquatic Lease Area Value	\$91,433.17	
Real Rate of Return	9.50%	RCW 79.105.060 (16)
NWD Rent	\$8,686.15	Use Rate Percentage filed 2000 per WAC 332-30-125
For rent more than \$250, add		
12.84% leasehold tax	\$1,115.30	
NWD + LHT	\$9,801.45	

	44.44.40.44	
YEAR 2 - Rent with CPI Adjustment	11/1/2013	
Consumer Price Index (CPI) %		Link to PPI/CPI rates
Year 1 NWD Rent	\$8,686.15	·
CPI amount		
NWD Rent		
For rent more than \$250,		
add 12.84% leasehold tax		
NWD RENT + LHT	:	
		-

	mandadi ik Dunaktina an i	
YEAR 3 -Rent with CPI Adjustment	11/1/2014	-
Consumer Price Index (CPI) %		Link to PPI/CPI rates
Year 2 NWD Rent		
CPI amount		
NWD Rent		
For rent more than \$250,		
add 12.84% leasehold tax		
NWD RENT + LHT		

YEAR 4 -Rent with CPI Adjustment	11/1/2015	
Consumer Price Index (CPI) %		Link to PPI/CPI rates
Year 3 NWD Rent		
CPI amount		
NWD Rent		
For rent more than \$250,		
add 12.84% leasehold tax		
NWD RENT + LHT		



Report

Tax Account No. Process No. Situs Address 3711-000-010-0002 1423110 1805 THOMPSON DR

**Property** Class:

460- Parking

**Parcel Information** 

Tax Code Area:

0010

# of Buildings: Acres:

.65

Jurisdiction:

BREMERTON

View Rating:

Zoning:

City Status: Active

Neighborhood: 8100502

Last Inspected:

04/08/09

**Taxpayer Information** 

Sec-Twp-Rng: 11 24N 1E

Name:

SEVEN JS INVESTMENTS LLP

Mailing

Address:

PO BOX 687

BURLEY

WA

98322

Tax

**Description** 

Tax Account No.

Process No.

Situs Address

3711-000-010-0002

1423110

1805 THOMPSON DR

**BAY VIEW GARDEN TRACTS SUP** BLK-000 LOT-010 D-00 N 60FT OF LOT 10 ALL LOT 11

Value History

Tax Account No.

Process No.

Situs Address

3711-000-010-0002 1423110 1805 THOMPSON DR

Tax Year	Land Value	Improvement Value	Total Value	Taxable Assessed Value	Annual Taxes	Annual FFP Assessment	Annual SSWM Assessment	Annual Noxious Weed Assessment	Annual Total
2013	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
2012	103,720	102,750	206,470	206,470	2,645.08	0.00	0.00	2.00	2,647.08
2011	103,720	186,170	289,890	289,890	3,455.44	0.00	0.00	2.00	3,457.44
2010	115,240	189,980	305,220	305,220	3,362.34	0.00	0.00	1.00	3,363.34
2009	20,370	0	20,370	20,370	207.06	0.00	0.00	1.00	208.06
2008	20,370	0	20,370	20,370	196.36	0.00	0.00	1.00	197.36

#### Kitsap County Parcel Search



#### 2009 IMAGERY (1:24,000)

#### **COMMENTS:**

PARCEL 8054-000-000-0008 IS ALSO SHOWN ON THE ASSESSOR RECORDS AND IS A WATERFRONT LOT WITH UPLAND CHARACTERISTICS WHICH IS USED IN CONJUNCTION WITH THE LEASE. HOWEVER THIS PARCEL HAS NEVER BEEN USED TO DETERMINE THE VALUE OF THE PROPERTY BECAUSE IT IS (A) ENTIRELY HARBOR AREA – SEE TAX DESCRIPTION BELOW AND (B) NO LAND VALUE HAS BEEN ASSIGNED TO THE STATE LANDS BY THE ASSESSOR. AS A RESULT, THIS PARCEL IS NOT SUITABLE FOR DETERMINATION OF THE LEASEHOLD VALUE PER RCW 79.105.240.

#### Tax Description

Tax Account No.

Process No.

Situs Address

8054-000-000-0008

1879741

1805 THOMPSON DR

#### PORT WASHINGTON MARINA

COMMON AREA OF THE PORT WASHINGTON MARINA COMDOMINIUM, RECORDED IN VOLUME 3 OF CONDOMINIUMS, PAGES 127 THROUGH 130, RECORDS OF KITSAP COUNTY WASHINGTON; TOGETHER WITH THAT PORTION OF GOVERNMENT LOT 7, SECTION 11, TOWNSHIP 24 NORTH, RANGE 1 EAST, W.M., INCLUDED IN A TRACT DESCRIBED AS FOLLOWS: BEGINING AT A POINT ON THE INNER HARBOR LINE, SAID POINT BEING THE NORTHWEST CORNER OF LOT 11, SUPPLEMENTAL PLAT OF BAY VIEW GARDEN TRACTS, AS PER PLAT RECORDED IN VOLUME 5 OF PLATS, PAGE 19, RECORDS OF KITSAP COUNTY, WASHINGTON; THENCE S00\*14'39 E, A DISTANCE OF 21.00 FEET; THENCE N75\*43'58 W, A DISTANCE OF 42.97 FEET; THENCE N00\*14'39 W A DISTANCE OF 10.67 FEET; THENCE N75\*43'58 W A DISTANCE OF 28.20 FEET; THENCE N00\*14'39 W A DISTANCE OF 10.33 FEET TO THE INNER HARBOR LINE; THENCE S75\*43'58 E ALONG SAID INNER HABOR LINE, A DISTANCE OF 71.17 FEET TO THE TRUE POINT OF BEGINNING; SITUATE IN CITY OF BREMERTON, KITSAP COUNTY, WASHINGTON.

PARCEL 3711-000-010-0002 IS THE PARKING LOT PARCEL FOR THE MARINA. THIS PARCEL ALSO CONTAINS A PORTION OF THE MARINA ACCESS. THIS PARCEL IS A LANDWARD PARCEL USED IN CONJUNCTION WITH THE MARINA. PER WAC 332-30-123 THIS PARCEL HAS BEEN USED TO ESTABLISH THE VALUE OF THE MARINA.



22-A02332

March 2, 2011

#### RE: Your Time Deposit (Certificate of Deposit) account(s)

It is my pleasure to welcome you as a customer of Union Bank\*. We have been preparing for a smooth conversion of your Frontier Bank account(s) to Union Bank, which will take place on April 11, 2011\*. As that date approaches, I want to provide you with information about the conversion of your account(s) and what you can expect.

#### Information you need to know

- In April, your current account(s) and services will be changing to similar accounts and services at Union Bank. Please see the back of this letter for your new product type(s) and account number(s).
- You will not receive a statement for your Certificate of Deposit (CD). You will receive a receipt upon account opening, and then a maturity notice and renewal notice (if you choose to automatically renew).
- 3. You can view your CD balance through Union Bank Internet Business Banking at unionbank.com.

#### Please review and keep the enclosed documents

We've included details about your new account(s) and an informative Welcome Brochure. Additionally we've enclosed the 2011 All About Business Accounts & Services Disclosure and Agreement, and a Fee Schedule. These booklets are our contractual agreement with you and include detailed information and terms that apply to your account(s). By maintaining your account(s) with us, you are indicating your agreement to these terms. All of your account signers will remain the same unless you notify us otherwise.

#### Our commitment to you

As a Union Bank customer, you'll continue to enjoy the same great service you've come to expect, with the added convenience of Union Bank's many products, services, and banking offices. If you have any questions, please call 800-238-4486, seven days a week, 6:00 a.m. to 11:00 p.m. Pacific Time, or visit unionbank.com/hellofrontierbank.

Sincerely,

Brian Hawley

Senior Vice President

Sin Harley

Head of Pacific Northwest Branch Banking

OLYMPIA CCTY

\*April 11, 2011 is the scheduled Union Bank conversion date, barring any unforeseen circumstances or events.

Please read the information on the back of this letter.

J1 67459-10

#### A summary of your certificate of deposit account(s)

- The account(s) listed here reflect information in our records as of February 2011.
- We have addressed this letter to the business named on the account(s) listed below. If you have another
  business account with a different title or Tax ID number, you will receive separate letters.

Below is a list of your current Frontier Bank time deposit account(s), along with the product name and account number by which it will be known at Union Bank. For details on your new account(s), please refer to the enclosed Welcome Brochure and the page numbers indicated.

FRONTIER	BANK	UNION BANK	
Account#			See
Ending In	Product Type	New Account #	New Product Type Page
7653	Silver Certificate of Deposit	Redacted	Business Custom Time Deposit 19-20

- For your Frontier Bank CD converting to a Union Bank Business Custom Time Deposit, at maturity, your CD will automatically renew to another Business Custom Time Deposit with the same term you currently have, unless you specify otherwise.
- Your new Union Bank business time deposit will earn the same or slightly more interest, with the same or a slightly higher Annual Percentage Yield (APY) due to changing interest to Union Bank's compounding calculations.



92011 Union Bank, N.A. FDIC (2006)

NEC ESC. CO1520

2759.1 TD

J1:67459-10

11/1/2008

1 Lease Number

22-A02332

2 Name

Seven Js Investments dba "Port WA Marina"

3 County

Kitsap County

4 Previous WD Rent

\$1,422.17

9 Current Revaluation Assessment

Sept-23-2008

Water Dependent Area, Marina Moorage

10. County Parcel No.	11. U Value		12a. Square Feet	12. Acres	1000		14, Ac Value		15. Aquatic Lease Acres	100		17. F	25.237
3711-000-010-0002	\$	20,370.00	28,314	0.65	\$	31,338.46	\$	9,401.54	3.487	\$	32,783.17	\$	1,170.36
										tav		\$	150.27

7 Use

8 Acres

1,320.63 Rent + Tax

0.538

1,924.95

NWD Water Dependent Area: Buildings = 720 sf; Non-grandfathered boathouse = 800 sf; Fill (parking lot & Bulkhead) = 23 440 sf

10. County Parcel No.	11. Up Value		12a. Square Feet	100000000000000000000000000000000000000	100		1000		15. Aquatic Lease Acres	Transaction of the last		17. F @9.	1200
3711-000-010-0002	\$	20,370.00	28,314	0.65	\$	31,338.46	\$	31,338.46	0.573	\$	17,956.94	\$	1,705.91
		-								tax		\$	219.04

Remarks. Is the new water-dependent rate more than 50% increase from the previous rent? If yes, Stair-step WD rents if more than 50% increase

Moorage

3.487

Buildings

Rent + Tax

0.035

NOT More than 50%

#### **NEXT REVALUATION OF PROPERTY DURING THE 2012 BILLING YEAR**

Revaluation By:	
Date:	

<sup>\*</sup> Note: The NWD areas are taken from the Steve Ivey e-mail dated 9-17-2008.

Trust Distribution % of R	ont	_		
Trust Distribution /6 of K	%		5	
NAV (15)		0%	\$	-
1st Class Tidelands (15)		0%	\$	
2nd Class Tidelands (21)		0%	\$	120
Harbor Area (25)		100%	\$	2,876.27

Total of Both WD & NWD 2,876.27 369.31 3,245.58

<sup>\*\*</sup> The survey has significant problems including; failure to identify NWD areas and failure to show the location of all improvements.

ument Name: 1

03/25/05 03:02 PM PAYMENT RECEIPT USER: RECEIPT NO: DATE REC'D: 03/25/2005 BATCH NO: KR1 PAYMENT DOC ID: 9180 PAYMENT AMOUNT: \$ 684.05 PAYER NAME: PORT WA MARINA, AGREEMENT ID: 22 A02332 CUSTOMER ID: UBI601122129 A02332 SEVEN J'S INVESTMENTS PAYER ADDRESS: PO BOX 687 CITY: BURLEY STATE: WA ZIP: 98322 -COMMENTS: INVOICE #IB29759

RMS004P1 022 I: CUSTOMER ID, NAME, & ADDRESS FROM ACCOUNTS RECEIVABLE

1 Sess-1 198.239.65.210

REVENUE MANAGEMENT SYSTEM



PF10=RETURN PF11=HELP PF12=CAN

NTV11373

Date: 03/25/05 Time: 15:03:55

PF2=FWD PF7 ERROR

RMS004M

18/5

## STATE OF WASHINGTON DEPARTMENT OF NATURAL RESOURCES FED ID: 91-6012771

\* INVOICE \*

Page 1

Agreement Id: 22 A02332 Invoice Date: 03/17/05

Invoice No : IB29759 Due Date : 04/16/05

Customer's Reference Id: STEVEN C. JOHNSON

SEVEN J'S INVESTMENTS

PO BOX 687

BURLEY WA - 98322

LINE	QUANTITY	UCM	UNIT	PRICE	VALUE
001	PRIVATE MARINA SERVICES 12.0000	МО		99.37250	\$ 1,192.47
002	OTHER WATER ORIENTED USE 12.0000	S MO		59.69166	\$ 716.30
003	NON PRODUCT - LEASEHOLD 12.0000 RENT FOR NOV. 1, 20	EXCISE TAX MO 04 - OCTOBER	31, 20	20.42416	\$ 245.09

TOTAL - PLEASE PAY THIS AMOUNT \$ 2,153.86
THE DEPARTMENT ASSESSES INTEREST ON PAST DUE ACCOUNTS

If you have any questions, call

Keep this portion for your records

(360) 825-1631

week cure borerou for loan records

Agreement Id: 22 A02332 Acct Mgr: SPS

Invoice No : IB29759 Group : AQUA

Customer Id : UBI 601 122 129 Due Date: 04/16/05

NAME: SEVEN J'S INVESTMENTS

REMIT CHECKS TO: TOTAL - Please pay this amount

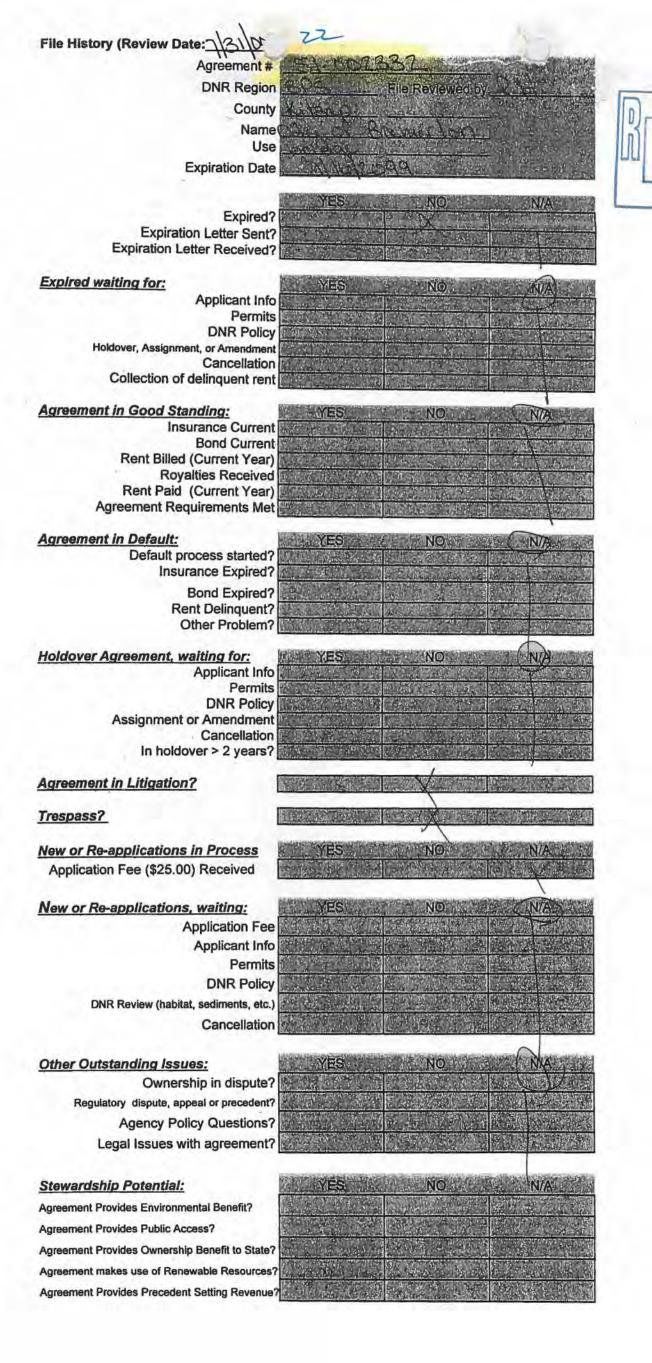
DEPARTMENT OF NATURAL RESOURCES \$ 2,153.86

FINANCIAL MGMT DIVISION

PO BOX 47041

OLYMPIA, WA 98504-7041

RETURN THIS PORTION FOR PROPER CREDIT TO YOUR ACCOUNT.



D.N.R. AQUATIC LANDS



SCOTT W. LINDQUIST, MD, MPH, DIRECTOR 345 6<sup>th</sup> STREET, SUITE 300 BREMERTON, WA 98337-1866 (360) 337-5235

June 16, 2005

Port Washington Marina Bob & Stephanie Stansbury - Managers 1805 Thompson Drive Bremerton, WA 98337

RECEIVED JUN 2 7 2005 DNR-SPS

RE:

HEALTH DISTRICT COMPLIANCE INSPECTION

Dear Bob & Stephanie:

The Kitsap County Health District (Health District) is writing to provide follow-up to the Health District's May 24, 2005 site visit to Port Washington Marina. Based on the site visit and the information provided to Health District staff, the marina is currently in compliance with Kitsap County Board of Health Ordinance 1999-13 Marina Sewage Regulations and 2004-2 Solid Waste Regulations.

During the site visit, there was a liveaboard vessel (WN-289EB, Slip #58) that was noted to have wastewater discharge hoses. For your information, any wastewater discharge to surface water violates the following provisions of the Washington Administrative Code 246-271-020 "Prohibited methods of sewage disposal". The Health District may issue civil infractions in the amount of \$513 dollars per day/per violation for violations of these provisions. In addition, unauthorized discharges to waters of state violate Washington Administrative Code 173-201A Surface Water Quality Standards, enforceable by the Washington State Department of Ecology.

The Health District will be working with the liveaboard tenant to eliminate the wastewater discharge in question. To ensure continued compliance with the applicable Health District Regulations, the marina must do the following:

1. The houseboat moored on the main float must remain unoccupied.

2. The pumpout must be utilized by marina tenants for any wastewater removal from vessels.

In regard to a program for holding tank dye tablet use, please contact me for technical assistance. The Health District thanks you for your time and information, if you have any questions please feel free to call. I can be reached at (360) 337-5623.

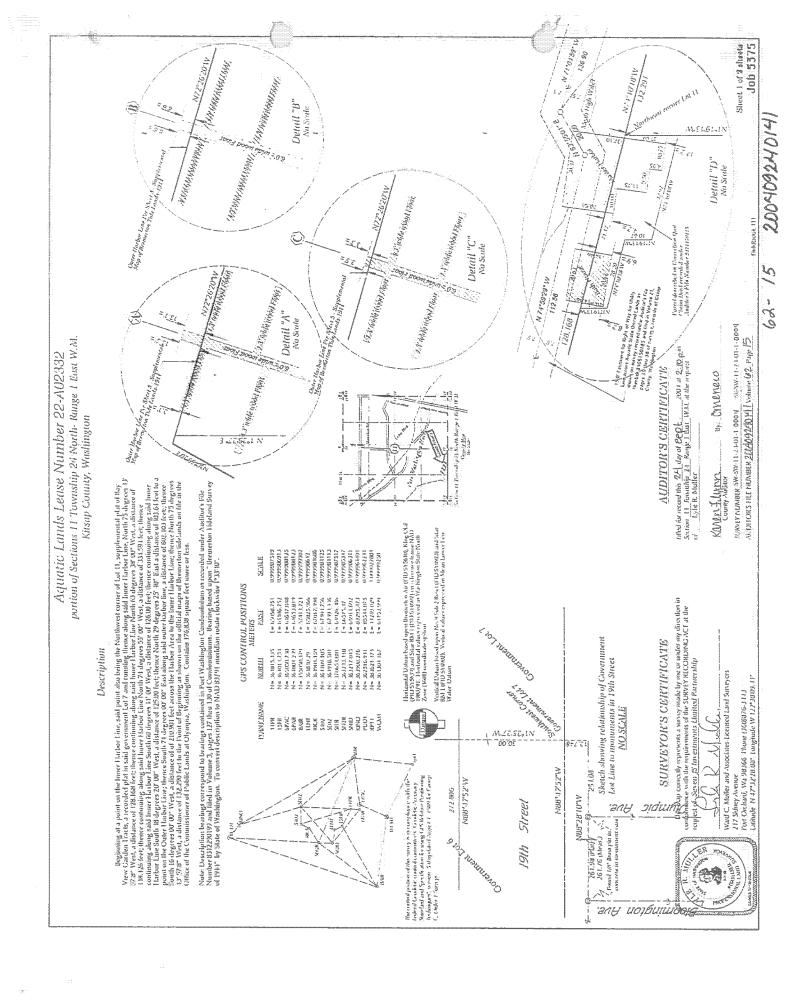
Sincerely,

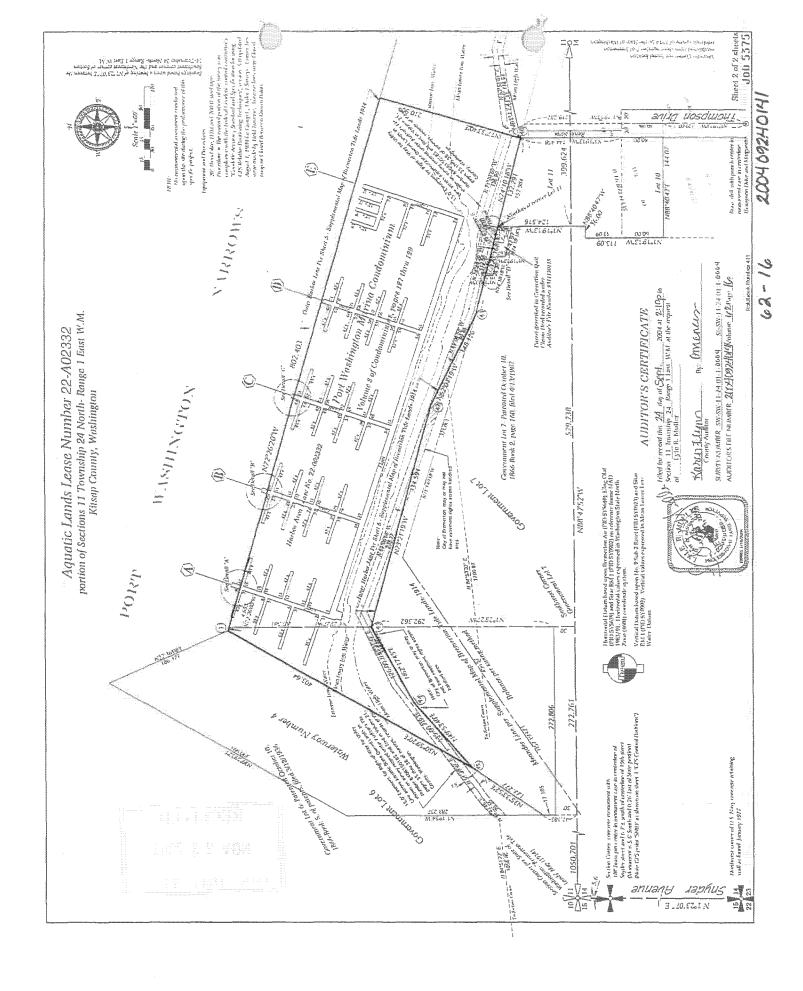
John Kiess, REHS

Environmental Health Specialist

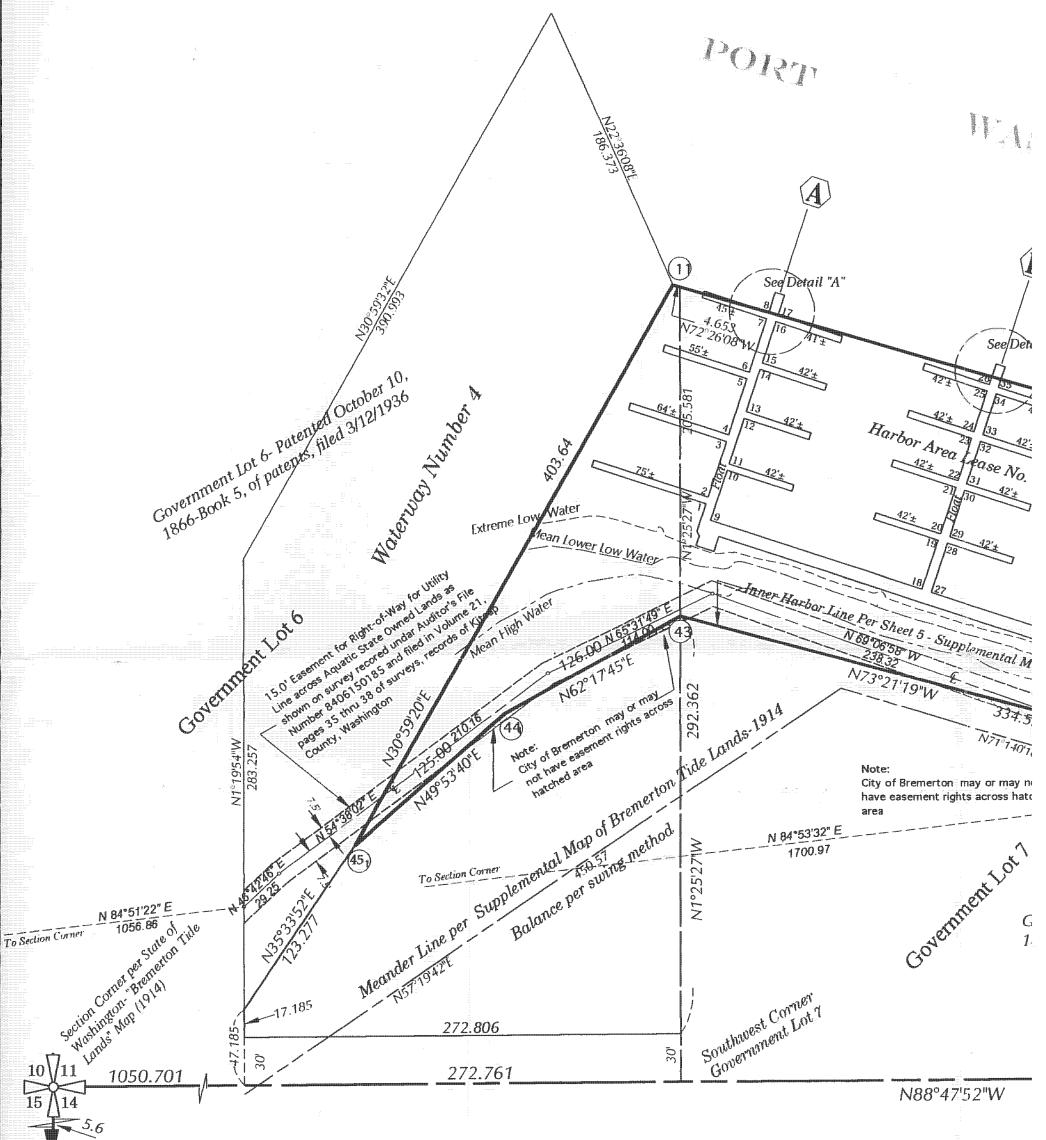
Water Quality Program

OIAMAIN CULL





## Aquatic Lands Le portion of Sections 11 Tov Kitsap C

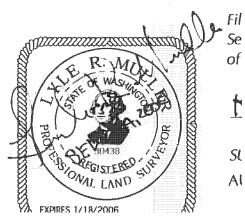


Section Corner concrete monument with 1/8" brass pin center in monument case in centerline of Snyder street and 6.7'± south of centerline of 19th street (Monument is 5.6' South and 0.26' Fast of State postion). (Note GPS point "SNID" as shown on sheet 1 "GPS Control Positions")

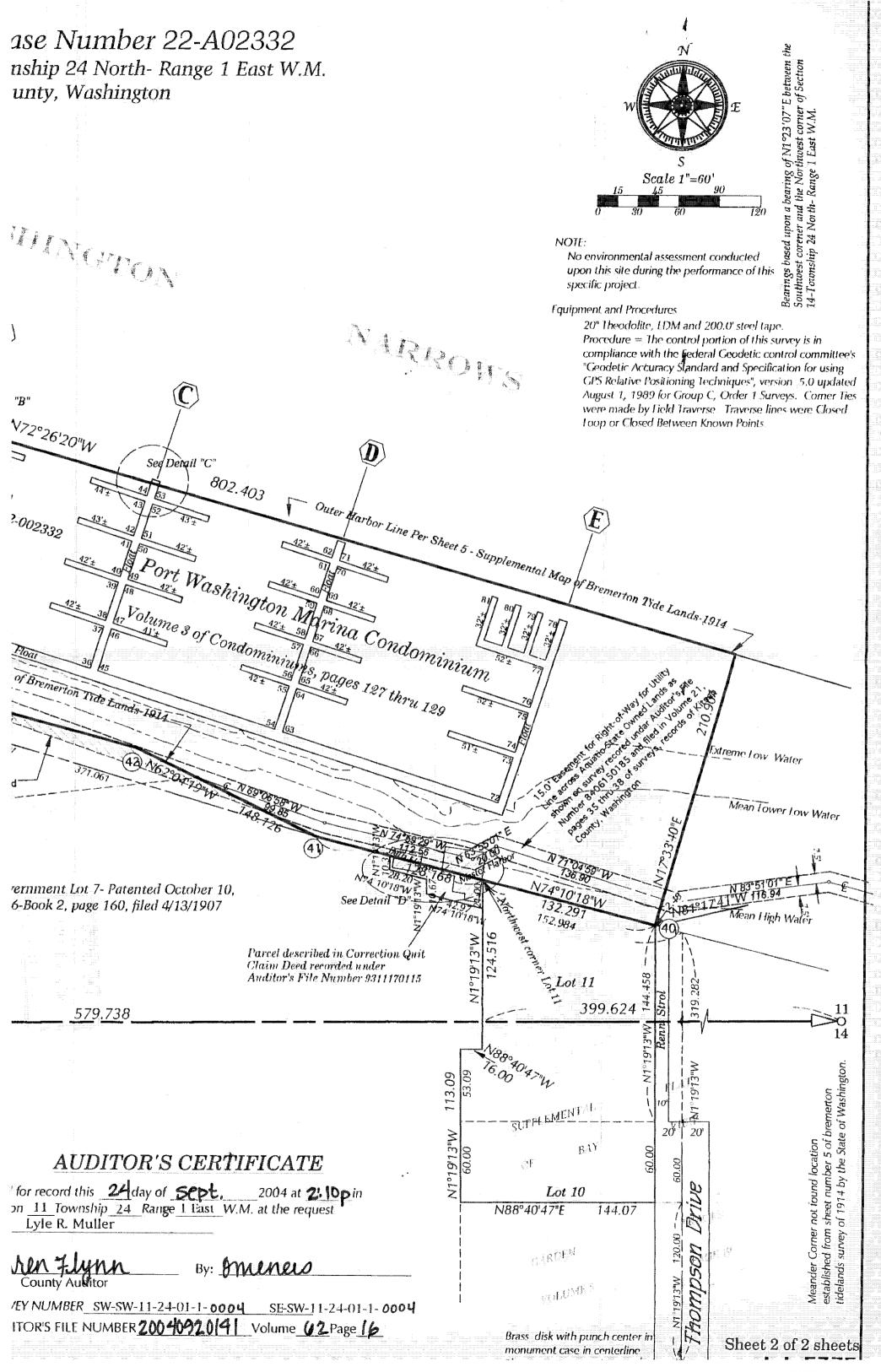


Horizontal Datum based upon Bremerton Air (PID SY5640), Klng C (PID SY5639) and Sitar RM 1 (PID SY0902) on reference frame NAD 1983/91. Horizontal values expressed in Washington State North Zone (4601) coordinate system.

Vertical Datum based upon No. 9 Sub 2 Reset (PID SY0923) and Sita RM 1 (PID SY0902). Vertical values expressed in Mean Lower Low Water Datum



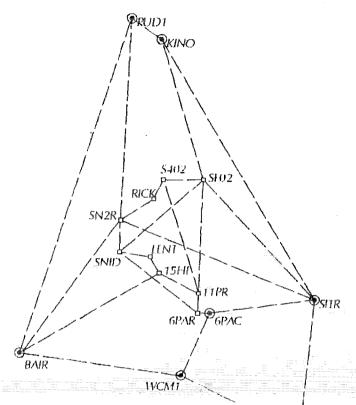
Northwest corner of U.S. Navy concrete retaining wall as found January 1977



## Description

Beginning at a point on the Inner Harbor Line, said point also being the Northwest corner of Lot 11, supplemental plat of Bay View Garden Tracts, a recorded plat in said government Lot 7 and running thence along said Inner Harbor Line, North 75 degrees 43' 57.8" West, a distance of 128.168 feet; thence continuing along said Inner Harbor Line North 63 degrees 38' 00" West, a distance of 148.126 feet; thence continuing along said Inner Harbor Line North 74 degrees 55' 00" West, a distance of 334.594 feet; thence continuing along said Inner Harbor Line South 60 degrees 44' 00' West, a distance of 126.00 feet; thence continuing along said Inner Harbor Line South 48 degrees 20' 00" West, a distance of 125.00 feet; thence North 29 degrees 25' 40" East a distance of 403.64 feet to a point on the Outer Harbor Line; thence South 74 degrees 00' 00" East along said outer harbor line, a distance of 802.403 feet:; thence South 16 degrees 00' 00" West, a distance of of 210.901 feet across the Harbor Area to the Inner Harbor Line; thence North 75 degrees 43' 57.8" West, a distance of 132.290 feet to the Point of Beginning as shown on the official maps of Bremerton tidelands on file in the Office of the Commissioner of Public Lands at Olympia, Washington. Contains 176,838 square feet more or less.

Note: Description bearings correspond to bearings contained in Port Washington Condominium as recorded under Auditor's File Number 8312290199 and filed in Volume 3, pages 127 thru 130 of Condominiums. Bearing based upon "Bremerton Tideland Survey of 1914" by State of Washington. To convert description to NAD 83/91 meridian rotate clockwise 1°33'40".



#### GPS CONTROL POSITIONS **METERS**

POINT NAME	<u>NORTH</u>	<u>EAST</u>	<u>SCALE</u>
11PR	N= 364815.435	E= 65058.751	0.999987519
15HI	N = 364013.754	E= 65486.752	. 0.999986913
6PAC	N = 365050.738	E= 64647.048	0.999988125
6PAR	N = 364804.239	E = 64653.819	0,099988123
BAIR	N = 355050.479	E= 57413.724	0.999999982
LENT	N= 363840.29	E= 65825.966	0.99998642
RICK	N= 363904.159	E= 67017.498	0.999984686
<b>\$</b> 402	N= 364109.105	E = 67403.756	0.999984125
SEO2	N= 364918.581	E = 67393.336	0.999984113
SITR	N = 370653.881	E = 64926,386	0.999987517
SN2R	N = 363233.418	E = 66575.47	0.999985347
SNID	N = 363217.045	E= 65914.692	0.999986311
KINO	N = 363900.276	E = 83295.473	0.999964491
PUD1	N= 362516.941	E = 85544.075	0.999962241
RPT1	N= 383621.374	E = 44249.029	1.000022884
WCM1	N= 364304.167	E= 61753.999	0.99999258

he control portion of this survey is in compliance with the ederal Geodetic control committee's "Geodetic Accuracy tandard and Specification for using GPS Relative Positioning echniques", version 5.0 updated August 1, 1989 for Group Order 1 Surveys



rpt1

Horizontal Datum based upon Bremerton Air (PID SY5640), Klng Olaf (PID SY5639) and Sitar RM 1 (PID SY0902) on reference frame NAD 1983/91. Horizontal values expressed in Washington State North Zone (4601) coordinate system.

Vertical Datum based upon No. 9 Sub 2 Reset (PID SY0923) and Sitar RM 1 (PID SY0902). Vertical values expressed in Mean Lower Low Water Datum

Section 11 Town

19th Street

N88°47'52"W

272.806

N88°47'52"W

N88°28'10"W

261.98 (Plat) 261.76 (Meas.) (Found 1/8" Brass pin in / concrete in monument case

254.08 Sketch showing relationship of Government Lot Line to monuments in 19th Street

NO SCALE

SURVEYOR'S CERTIFICATE

hap correctly represents a survey made by me or under my direction in conformance with the requirements of the SURVEY RECORDING ACT at the

Ward C. Muller and Associates-Licensed Land Surveyors

request of Seven JS Investments Limited Partnership

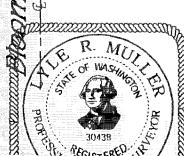
Filled for record this #

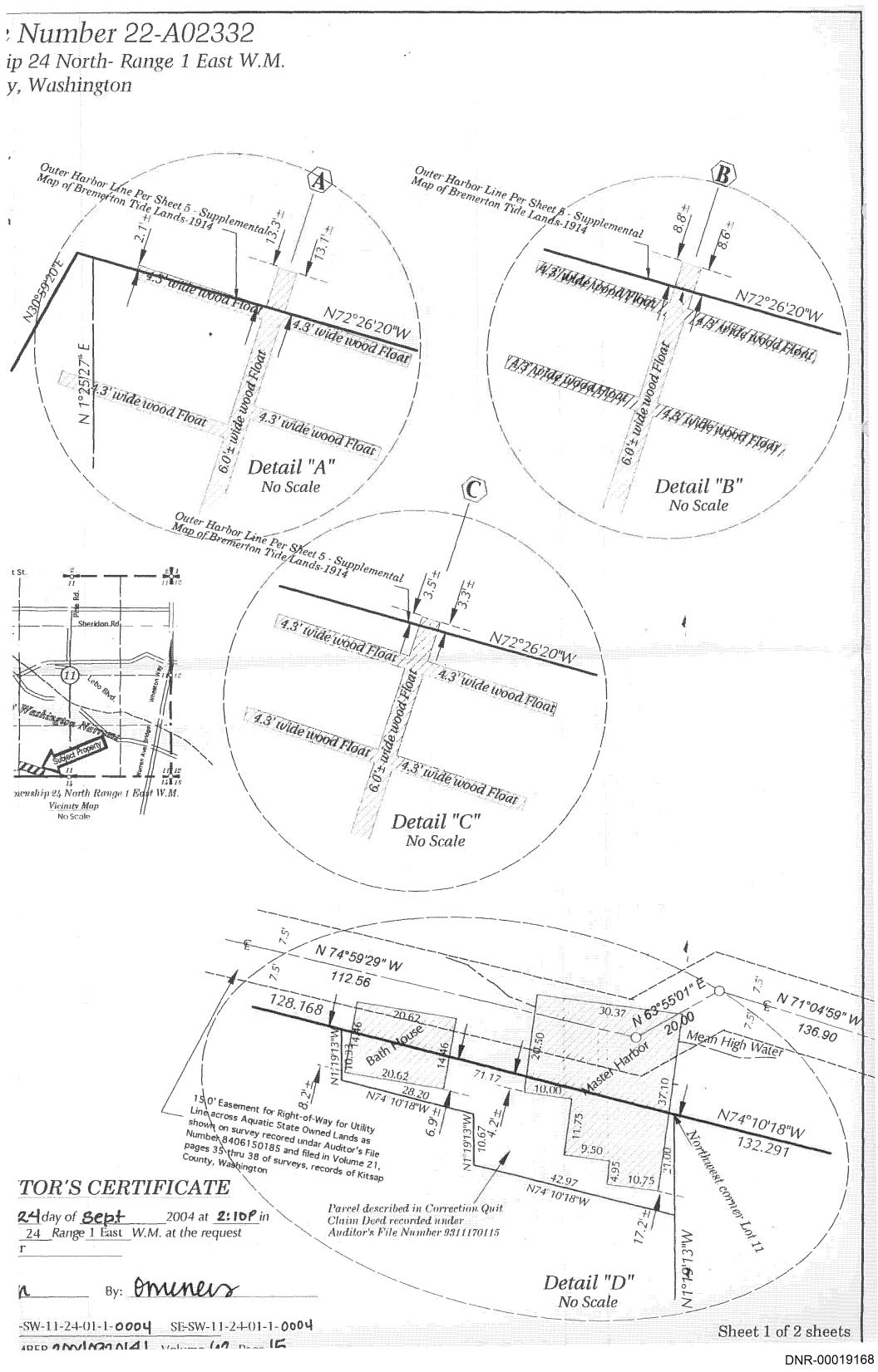
Section 11 Township

Lyle R. Mulle:

AUDI'

CLIDITEV NILIMARER SW. DNR\_00010167





Date Mailed: August 28, 1998

NOTICE: ANNOUNCEMENT OF APPLICATION FOR PERMIT MODIFICATION

PERMIT NO .:

ST 6139

APPLICANT:

**Lewis County Public Services** 

1411 South Tower Avenue

Centralia, WA

The above-named industry has applied for a National Pollutant Discharge Elimination System (NPDES) permit modification in accordance with the provisions of Chapter 90.48 Revised Code of Washington and the Federal Clean Water Act.

#### I. TENTATIVE DETERMINATIONS

On the basis of preliminary staff review, the Department of Ecology proposes to issue a permit modification that authorizes the above discharge pursuant to certain limitations. A final determination will not be made until all comments received, pursuant to this notice, have been evaluated.

#### II. PUBLIC COMMENT AND INFORMATION

Interested persons are invited to submit written comments regarding the proposed permit modification within 30 days of the date of this public notice. Comments should be sent to:

Department of Ecology Southwest Regional Office P.O. Box 47775 Olympia, WA 98504-7775

If the comments received indicate significant public interest in a proposed permit modification, or if useful information can be produced thereby, the director may hold a public hearing on the modification. Public notice of such hearings will be given at least 30 days in advance of the hearing.

The request for permit modification, proposed modification, and statement of basis (or fact sheet) are available upon request and are also available for inspection and copying, by appointment, between the hours of 8:00 a.m. and 4:30 p.m. weekdays at the aforementioned regional office of the Department of Ecology. To obtain a copy or to arrange to view copies at the regional office, call (360) 407-6280 or write to the regional office address listed above.

RECEIVED

SEP 0 2 1998

DNR-SPS